[illegible]					
Egypt	E£4.00	Kuwait	Fils.500	S.Arabia	[illegible]
Finland	FM10	Lebanon	L£1,250	Singapore	S$4.10
France	FFr8.00	Lux	LFr60	Spain	Pta200
Germany	DM3.30	Morocco	MDh11	Sweden	SKr14
Greece	Dr250	Neth	Fl 3.50	Switz	SFr3.00
Hungary	Ft182	Nigeria	Naira20	Thailand	Bht50
Iceland	IKr180	Norway	NKr15.00	Tunisia	Din1.000
India	Rs20	Oman	OR1.20	Turkey	L6000
				UAE	Dh9.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Newspaper of the Year

Friday February 28 1992

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UK AND EUROPE

Opting out and cashing in

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Weekend FT

Tomorrow: A golden age when trains were dirty, late . . . and privately owned

●

The keepers of Stalin's faith

Europe's workers like their jobs but not their pay

By Catherine Milton in London

BRITISH workers like their bosses but complain about their pay. Swiss workers are virtual workaholics while the Spanish are the least enthusiastic workforce in Europe.

All in all workers in northern Europe enjoy their jobs more than those in the south, although things have improved in Italy in the past year according to a survey of workers in eight European countries.

Across Europe, workers think their pay is too low, and no one tells them what is going on. They think their management is poor but company loyalty and job satisfaction are high.

The Swiss score top for enthusiasm in 10 of the 12 categories. Workers in Germany, the Netherlands and Belgium are also more positive about most aspects of work than those in Italy and Spain.

More than 80 per cent of Swiss believe their jobs are worthwhile, though they are less satisfied with their pay than the Dutch (53 per cent against 59) and less secure about their jobs than the Italians (68 against 70).

Satisfaction is also high in Germany, although workers there have become significantly less enthusiastic over the past 12 months, complaining about lack of consultation, training and benefits.

More than half of Dutch workers believe they are well paid and their only gripes are about training and job security.

The Confederation of Dutch Industry, which speaks for 80 per cent of employers, said the explanation might be more mercenary than cultural. "It is so easy for Dutch workers to stay at home because of our generous sick pay and disability benefits." It said a sixth of the Dutch workforce was currently in receipt of benefit.

Spanish workers are the least enthusiastic. Two-thirds believe they are poorly paid. They complain about their management, training and conditions, but not about their immediate bosses.

The Italians are nearly as dissatisfied as the Spanish overall, and feel only slightly better organised. They believe their working practices are the least efficient in Europe, though attitudes have improved over the last 12 months.

British workers like their immediate bosses, colleagues and conditions but complain about pay, job satisfaction and training, and their company loyalty rating (67 per cent) is the lowest of the eight countries.

Mr Peter Morgan, director general of the Institute of Directors, said: "I do agree that our training leaves a lot to be desired. That means workers will be lower skilled, less well organised and less motivated."

International Survey Research interviewed 250,000 workers for the survey, part of a rolling programme of research for a group of large companies.

Employee Attitudes in the European Community in 1992, published shortly by International Suvery Research, 50 Conduit Street, W1R 0NP. 071-287 8109.

World News

Finland to apply for membership of Community

Finland's centre-right coalition government voted in favour of applying to join the European Community.

The Finnish parliament will debate the proposal in the middle of next month and is expected to approve making a formal application to join the EC on March 18. Page 12

Ceasefire shattered

Fighting between Armenians and Azerbaijanis broke an hours-old ceasefire in the disputed Transcaucasian enclave of Nagorno-Karabakh, reviving a threat of war. Page 2

Supergun contract

British government ministers were kept in the dark about a large contract to supply explosive propellant for the Iraqi supergun, MPs were told. Page 6

Brussels under fire

Brussels may have to make drastic changes in bureaucratic procedures and could face a rash of lawsuits following a European Court decision condemning its decision-making processes. Page 12

Serbia 'won the war'

Serbian president Slobodan Milosevic brushed aside mounting political opposition and insisted that Serbia had won the war with Croatia. Page 2

France seeks gunmen

A French judge issued arrest warrants against four Palestinian gunmen from the group led by Abu Nidal over a 1988 attack on a ferry in the Aegean Sea in which nine tourists, several of them French, died.

Soldiers punished

Indonesia's army said it had found six soldiers guilty of last November's massacre of civilians in East Timor and would court-martial eight others.

Beirut hostage move

The Lebanese government, in a bid to win aid, set up a ministerial committee to try to win freedom for the two German hostages still held by Moslem fundamentalists.

Zimbabwe land bill

Zimbabwe's government proposed a bill in parliament which would seize more than half the land owned by white farmers and distribute it to black peasant settlers. Page 4

Nuclear talks deadlock

North and South Korea failed again to agree about inspection of northern nuclear plants which Seoul and its allies believe could be only months away from producing a bomb.

Colditz up for sale

Officials in eastern Germany put Colditz Castle, scene of some of the most daring escape attempts in World War Two, up for sale. They want the medieval fortress developed into a tourist attraction.

England victory

England completed a second successive World Cup cricket victory in Melbourne, defeating West Indies by six wickets. England 160-4 (39.5 overs). West Indies 157 all out (49.2).

Pakistan 254-4 (50 overs) beat Zimbabwe 201-7 (50).

FT No. 31,696

Business Summary

Philips omits dividend for second year despite profit

Philips, Dutch electronics group, moved back into profit in 1991, the first full year of its far-reaching restructuring efforts, but omitted a dividend for the second year running.

Net profit totalled Fl 981m ($530m) in 1991 compared with a net loss of Fl 4.53bn in 1990, when heavy restructuring provisions produced the biggest corporate loss in Dutch history. Page 13

PERRIER, French mineral water company, is to receive a formal counter offer from Italy's Agnelli family, which plans to bid 2 per cent more than FFr1,475 ($263.39) a share offered by Swiss food multinational Nestlé. Page 13

ICI, UK chemicals giant, warned that the commodity chemical cycle might not pick up until next year. It reported pre-tax profits down 11 per cent to £843m ($1.47bn) for the year to December 31. Page 13; Details, Page 21; Lex, Page 12

MIDLAND GROUP, last of the big UK banks to report, went against the trend of recent results with a sharp improvement in the second half of 1991. It posted pre-tax profits of £107m after a loss of £71m in the first half. Page 13; Details, Page 20; Lex, Page 12

BRITAIN'S exports, one of the few bright spots in the UK economy since the recession began, fell sharply in January as world growth continued to falter. Page 6

GE CAPITAL, main financial services arm of General Electric, has agreed in principle to buy the vehicle leasing and fleet management business of car rental company Avis Europe Page 16

TANDY, US electronic products retailer, is to repurchase 12m shares, or 16 per cent of its outstanding shares, through a Dutch auction. Page 16

COURTAULDS TEXTILES raised pre-tax profits by 5 per cent to £42.2m in 1991 despite a drop in turnover reflecting the toughness of trading conditions and disposals in the spinnning business. Page 22

BANK AUSTRIA, Austria's largest bank, is reorganising its top management following heavy losses at its London and New York branches. Page 14

SKF, world's leading rolling bearing manufacturer, posted a loss of SKr221m ($37.4m) after financial items last year against a profit of SKr1.750bn for 1990. Page 14

STATOIL, Norwegian state oil company, reported a NKr1.6bn ($25m) decline in 1991 pre-tax profit to NKr12.8bn, caused by lower crude oil prices, losses in petrochemicals and a big fall in refining profits. Page 14

J.C. PENNEY, Dallas-based retail group, reported a sharp drop in after-tax profits during the final three months of 1991-92. Earnings declined from $206m to $37m. Page 16

VIDEOTRON, Canadian communications group, is seeking a partner in addition to BCE to help carry the growing cost of its entry into the British cable television market. Page 16

BA merger talks with KLM collapse

By Daniel Green in London and Ronald Van De Krol in Amsterdam

The Airline deal that did not fly.....Page 11

Lex.....Page 12

MERGER TALKS between British Airways and KLM Royal Dutch Airlines collapsed yesterday after more than five months of intensive bargaining.

Failure of the merger, which would have created the world's fourth largest carrier, leaves in tatters BA's plans to build a pan-European airline to rank alongside the US giants. The much smaller KLM is left without a partner in increasingly deregulated European skies.

Project Sahara, as the plan was called, failed because the airlines could not agree on how much they were worth. This was "an insurmountable obstacle to reaching an accord", KLM said.

A BA executive said: "People know our global strategy to expand through alliances but we will only do that at the right price."

The news was greeted with dismay on the London and Amsterdam stock exchanges. BA shares fell 11p, or 4 per cent, to 265p. KLM fell Fl 2.1, more than 5 per cent, to Fl 38.2.

The airlines were attracted to the idea of a merger by the prospect of, between them, saving up to £500m ($875m) through combining their central offices, maintenance and other operations.

For several weeks, however, arguments about whether BA would take at least 70 per cent of the final company, as it wanted, or 60 per cent, as KLM wanted, have spilled into the public domain.

The plan was kept alive until late on Wednesday when face-to-face meetings held simultaneously in the Netherlands and the UK failed to resolve the disagreement.

KLM said yesterday that talks had devised a corporate structure which would have been approved by European Community competition authorities. Only the valuation question had remained unresolved.

KLM said it was still interested in international partners but had no specific plans.

The Dutch government insisted that KLM had acted on its own in ending the talks, although Mrs Hanja Maij-Weggen, Dutch transport minister, said: "I would prefer to have no agreement than a bad agreement."

The Dutch government owns

Continued on Page 12

Paul Keating puts his point of view during an attack on the opposition yesterday

Keating rattles nationalist sabre

THE ROW over Australia's constitutional relationship with the UK appeared to be developing into an election issue yesterday for Mr Paul Keating, the prime minister, after he launched a spirited defence of Australian nationalism and criticised Britain's war record, writes Kevin Brown in Sydney.

Mr Keating, who recently defeated Mr Bob Hawke as Labor party leader, has come under heavy fire from Australian monarchists and the British tabloid press who claim he insulted the Queen during her state visit to Australia.

Their wrath was aroused by a speech in which Mr Keating stressed Australia's independence from Britain, and by his wife's failure to curtsy to the Queen, Australia's head of state. Mr Keating rounded on his attackers yesterday by portraying Labor as the patriotic party, and accusing the opposition Liberal/National party coalition of outmoded nostalgia for British rule.

To the fury of his critics, and a number of Tory MPs in the UK, Mr Keating went on to accuse Britain of abandoning Australia to the Imperial Japa-

Continued on Page 12

Russia to remove key price controls

By Leyla Boulton in Moscow

THE RUSSIAN government yesterday announced politically explosive plans to remove the remaining price controls on key items ranging from oil to vodka within the next two months.

The announcement is a bold gamble by the government to push through radical economic reforms in the face of gathering political opposition, and to secure early financial assistance from the west.

A draft programme worked out with the International Monetary Fund and approved by the government yesterday would keep price controls on medicines, baby food and local services such as rents.

Oil and gas prices will be liberalised when the heating season ends on April 20, but the price of basic consumer items such as vodka, bread, milk, matches and sugar will be freed by the end of March.

The timing is politically risky given that the price rises will be introduced just a week before the convening of the Congress of People's Deputies, Russia's most important legislature, the increasingly discontented members of which have the power to sack the government.

To offset such discontent, the government hopes to secure significant western support by the end of March, when the executive board of the IMF is expected to give its final seal of approval to the programme that is now being forwarded to it in Washington.

Although IMF resources will only be available in the second half of this year, a positive

Continued on Page 12

Ukraine privatisations, Page 2

Swedish privatisation to start with sale of SSAB

By Robert Taylor in Stockholm and Charles Leadbeater in London

SSAB, the steel group, is to be the first Swedish state company to be sold entirely into the private sector under the conservative government's privatisation programme.

The government is expected to announce the sales of its controlling stake in SSAB next month. Its programme of planned privatisations covers 35 state-owned or partially owned companies.

The sale of the government's stake in SSAB – 47.8 per cent of the equity and 60.4 per cent share of voting rights – is expected to take place in the early summer. SSAB's other main shareholders are Skandia, Wasa and SPP, all Swedish insurance companies.

Many observers believe that SSAB is a highly suitable candidate for early privatisation. The company went through radical restructuring before its introduction to the Stockholm bourse in 1989. In that year, it recorded profits of SKr1.5bn ($250m) followed by a SKr954m profit in 1990.

The recession has hit demand for steel across Europe, with a 15 per cent decline in Sweden. Despite this and price-cutting, SSAB is one of the few European steelmakers which made a profit – about SKr200m – in 1991.

Steel industry analysts do not rule out the possibility of a foreign steel company buying the state's share in SSAB. One candidate may be British Steel which has been seeking to expand continental European operations to reduce its reliance upon the UK market.

Last November, British Steel signed an agreement with SSAB to form a jointly owned company to produce electrical steels with the UK company taking 75 per cent stake.

The other main European candidates would be Usinor Sacilor, the French state-owned group, and Thyssen, the giant German steel and engineering combine.

Usinor, however, is consolidating its position after a string of acquisitions, while Thyssen recently announced its priority was to diversify further away from steel and engineering. Another candidate might be Rautaruukki the Finnish steel producer.

SSAB's value to other European steel producers might be limited. Concentrated upon some high value specialist steel markets, it offers limited opportunities for other producers to reap economies of scale through a merger.

According to Mr Per Westerberg, industry minister, the other Swedish companies to be privatised soon are LKAB, the mining group, OK Petroleum and the Celsius industrial group which has a strong defence product portfolio.

Procordia, the foods and drugs group, is possibly the most attractive company on the privatisation list. But its future remains unclear as negotiations continue between its joint owners, Volvo and the state, on whether Volvo should become the dominant shareholder. The government plans to sell two enterprises each year, with disposals in the summer and autumn.

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Indian budget likely to test government's nerve

The Indian budget, to be announced in parliament tomorrow by finance minister Dr Manmohan Singh (left), marks the second wave of economic liberalisation since the reform programme was launched in July. Page 4

MARKETS

STERLING
New York lunchtime: $1.7585
London: $1.755 (1.746), DM2.885 (same), FFr9.805 (9.8075), SFr2.6125 (2.615), Y227.0 (226.25), £ index 90.8 (90.6)

GOLD
New York Comex Apr $355 (364.6)
London: $353.80 (349.35)

N SEA OIL (Argus)
Brent 15-day Apr $17.575 (17.35)

Chief price changes yesterday: Page 13

DOLLAR
New York lunchtime: DM1.6415, FFr5.577, SFr1.4845, Y129.385
London: DM1.644 (1.6525), FFr5.5875 (5.6175), SFr1.489 (1.498), Y129.4 (129.65), $ index 64.1 (64.4)
Tokyo close: Y129.35

US LUNCHTIME RATES
Fed Funds: 3⅞%
3-mo Treasury Bills: 4.025%
Long Bond: 101[illegible]
yield: 7.843%

STOCK INDICES
FT-SE 100: Yield 4.87, 2,562.0 (−3.0)
FT-A All-Share: 1,229.38 (−1.0%)
FT-SE Eurotrack 100: 1,167.26 (+1.37)
New York lunchtime:
DJ Ind. Av. 3,280.19 (−3.13)
S&P Comp 415.25 (−0.10)
Tokyo: Nikkei 21,333.70 (−13.07)

LONDON MONEY
3-month interbank: 10⅜% (10 $\frac{13}{32}$%)
Liffe long gilt future: Mar 98 $\frac{11}{32}$ (Mar 98 $\frac{3}{16}$)

EUROPEAN NEWS

Poles reject idea of shares gift from state

By Anthony Robinson, East Europe Editor

MOST Poles would prefer to pay for shares in newly privatised state enterprises than receive them free, according to an official Polish survey.

The survey, commissioned by the Polish Privatisation Ministry, also showed that a majority intend to treat their allocation of shares from Poland's impending mass privatisation scheme as a long-term investment rather than than a vehicle for quick profit.

A year ago, during the presidential election campaign, Mr Lech Walesa told Poles that privatisation would give every Pole free shares in former state-owned companies that would be worth 100m zloties - about $1.000 each. It was a vastly over-inflated figure which made bankers and economists wince and provoked general disbelief. It did little for Mr Walesa's reputation as an economist, but was widely discounted as political hyperbole and did not prevent his eventual election.

The latest confirmation of Polish realism virtually ensures that when final details of Poland's mass privatisation scheme are revealed within the next few weeks the original plan of free shares for every adult Pole will not be on offer. Instead Poles will be offered "participation certificates" for a fee of between 10 and 20 per cent of the presumed value of the shares in more than 200 medium- to large-sized enterprises. The shares themselves will be managed by new investment funds whose key personnel are expected to be foreign specialists on contract.

But the survey also revealed suspicion of the foreign element in the new investment funds, provoking the Privatisation Ministry to propose setting up a panel of senior Polish professionals to keep watch over the foreign merchant bankers and investment specialists who have applied to manage the 10 to 20 proposed closed-end funds. The reaction of the would-be foreign managers to such surveillance remains to be seen.

Meanwhile, close observers of Czechoslovakia's proposed "voucher privatisation" believe that implementation of the scheme could provide unexpectedly cheap, and possibly politically sensitive, bargains for aggressive foreign investors. A recent analysis by Mr Jan Vanous, of the Washington based Planecon research unit concluded that "flaws in the voucher privatisation scheme virtually guarantee that Czechoslovakia will be a place with a large number of investment bargains for anyone willing to incur some risk".

This follows the sudden surge in popularity of the privatisation vouchers which have now been bought by over 8.5m Czech and Slovak citizens.

War takes brief respite in Nagorno-Karabakh

By Steve LeVine, recently in Stepanakert

THE PEOPLE of Nagorno-Karabakh had only a few hours' respite from heavy fighting yesterday before both Azerbaijan and Armenia accused each other of breaking the latest Iranian-brokered truce with new offensives.

Mr Ali Akbar Velayati, the Iranian foreign minister, arrived in the Azerbaijani capital of Baku on Monday to mediate in the conflict. But the fighting has so far prevented him from travelling to the mountainous enclave of Nagorno-Karabakh, situated seven miles from the Armenian border inside Azerbaijani territory and reachable only by helicopter.

The three-day ceasefire came into effect in the early hours. But soon afterwards the Armenian authorities in Nagorno-Karabakh accused Azerbaijani forces of attacking the predominantly Armenian region of Askeran with tanks and missiles and shelling the capital, Stepanakert.

In turn, an Azerbaijani presidential spokesman accused Armenian forces of attacking Agdam, across the border in Azerbaijan, using artillery and machine-guns, and of renewing their assault on the Azerbaijani village of Khodzhaly, north of Stepanakert.

Khodzhaly would be the third village the ethnic Armenian troops have targeted since the beginning of January. The other two, Kerkjan and Malibeli, were evacuated and set ablaze by the ethnic Armenians, who claimed they were the source of rocket attacks on Stepanakert.

The Nagorno-Karabakh government declared the enclave an independent republic last month. Armenia is supporting it with men, food and money. Azerbaijan rejects the enclave's separatist demands and insists that it can have some form of autonomy but must stay part of Azerbaijan.

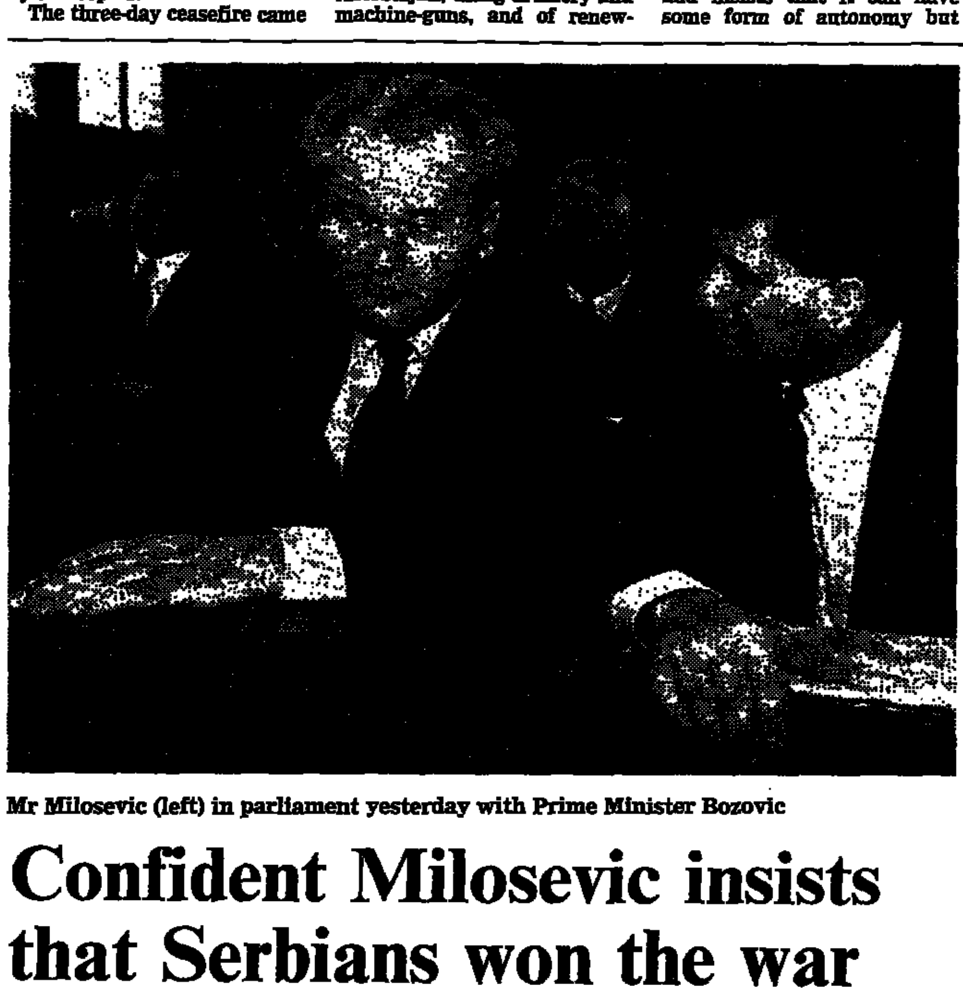
Direct communications with the enclave have been severed for several weeks. There has been no electricity, heat or running water in Stepanakert since early January, when Azerbaijan imposed a blockade on Nagorno-Karabakh and Armenia. The city is living off winter food-stores expected to last another three months.

Stepanakert's estimated 70,000 residents go underground into bunkers at night, when wild dogs roam the streets and many of the rocket attacks are made, so the number of fatalities has been kept relatively low. Still, there are many casualties and a grim uncertainty suffuses every conversation as no-one knows whether his home will be intact the next day or whether a friend may have died.

Both sides concede there appears little room for manoeuvre. "Azerbaijan is not going to recognise our independence, but we are not willing to come under their dominance again," said Mr Artur Mkrchian, Nagorno-Karabakh's 33-year-old president, in a recent interview. "Over the past 70 years, the people of Karabakh have seen with their own eyes what the Azerbaijanis are capable of.

"Nagorno-Karabakh will become an independent state, or it will become a big Armenian graveyard."

Editorial comment, Page 10



Mr Milosevic (left) in parliament yesterday with Prime Minister Bozovic

Confident Milosevic insists that Serbians won the war

By Laura Silber in Belgrade

SERBIA'S president, Mr Slobodan Milosevic, yesterday demonstrated his determination to remain in power by vowing to rule over a rump Yugoslavia comprising Serbia and Montenegro.

In his first parliamentary address since last July, Mr Milosevic brushed aside growing political opposition to the way in which the war in Croatia was conducted and public discontent over the economy.

Instead, he insisted that Serbia had won the war because it had secured the deployment of United Nations peacekeepers who would protect Serbs in Croatia.

In a confident and defiant speech which never addressed how Serbia failed to keep the Yugoslav federation together, Mr Milosevic dismissed charges from the leaders of Krajina, a Serb enclave in Croatia, of betraying the interests of the 2.5mn Serbs outside of Serbia.

"The arrival of UN troops means the beginning of the peaceful resolution of the conflict – and an end to the violence against the Serbian people in Krajina," he said.

Mr Milosevic's claim that the fate of the 300,000 Serbs in Krajina may be "settled" appeared to imply that he believes the despatch of UN forces there means the enclave will no longer be part of Croatia. Croat leaders have declared their intention of regaining all territory occupied by the federal army.

In what amounts to a warning to the international community, Mr Milosevic said that "internal and foreign pressures to make Serbia a powerless Balkan state unable even to take care of itself will not succeed." But in what appears to indicate some sensitivity about western criticism of Serbia's dismal record on human rights for the 1.9m ethnic Albanians in Kosovo, Mr Milosevic said: "Problems there will be solved according to international standards."

European bank loans earmarked for CIS

By Judy Dempsey

THE European Bank for Reconstruction and Development will reallocate loans, guarantees and equity investments following the decision to admit 11 former republics of the Soviet Union as members.

Under recommendations made this week, 60 per cent of the bank's loans will be earmarked for all the countries of eastern Europe and the three Baltic States, while the remaining 40 per cent will be allocated to the 11 republics of the CIS.

Georgia is the only former Soviet republic which has not yet joined the bank.

However, the EBRD has decided that the number of shares to be taken up by republics in the CIS should not exceed the capital stock held by the former USSR.

The USSR originally held 60,000 shares in the EBRD or 6 per cent of the total. These shares have now been distributed among the 11 republics, with the Russian Federation holding the largest share (40,000) and Turkmenistan holding the smallest (100).

The republics are expected formally to join the bank in April.

In a separate development, the EBRD unveiled its Energy Operations Policy, which is closely tied to the bank's environmental brief.

The energy policy will be focused on four areas: repairing and rehabilitating existing supply facilities; completing existing projects which are urgently required; helping the countries of eastern Europe diversify their energy supplies as a means of weakening their dependency on the CIS for oil and gas supplies; and promoting private sector projects.

Ukraine to introduce special exchange rate for foreign investors

By Anthony Robinson, East Europe Editor

UKRAINE will introduce a special exchange rate for foreign investors wishing to take advantage of its ambitious privatisation plans, Mr Volodymyr Lanovyj, the republic's minister for property and entrepreneurship said in London yesterday.

A new law on foreign investment will be approved by the Ukrainian parliament next month, he said at the start of a visit to potential UK investors and City institutions.

Foreigners will not initially be allowed to purchase land but will be able to lease land for up to 90 years and have property rights over buildings and fixtures. The right for foreigners to own property could be included in the legislation within the next two or three years, he added.

Ukraine is being advised on privatisation by Hambros merchant bank, whose executive director, Sir Michael Butler, has been advising the new government on financial and economic affairs.

Ukraine hopes to privatise 65 per cent of its nearly 10.000 large and medium-sized enterprises over the next five years.

It is adopting a Czechoslovak-style voucher privatisation scheme under which all Ukrainians, including children, will be entitled to free vouchers transferable into shares. Up to 40 per cent of assets will be disposed of in this way. The state will hold the remaining 60 per cent of shares until they can be sold to foreign or domestic investors.

The government hopes to privatise 250 large enterprises this year, during which it also hopes to privatise 80 per cent of shops and small enterprises. The complex nature of large-scale privatisation programmes has delayed similar rapid privatisation plans in central Europe, however.

Currency, asset and debt problems aired

A JOINT committee of Ukrainian and Russian parliamentarians met yesterday in Kiev to discuss the introduction of a separate Ukrainian currency and the division of the former Soviet Union's debts and assets, Chrystia Freeland writes from Kiev.

Swimming against the current of the present troubled relationship between Ukraine and Russia, the committee is expected to produce a joint communique today outlining a mutually acceptable mechanism for the introduction of a separate Ukrainian currency, due this summer.

Seeking to defuse Russian worries that the introduction of the new currency will set off an inflationary wave of roubles into Russia, the Ukraine is reportedly offering to withdraw roubles from circulation and hand them over to Russia.

An agreement on the division of debts and assets may prove more elusive as Russia's absence from a debt conference in Kiev earlier this week suggested.

NEWS IN BRIEF

UK to aid disposal of Russian N-arms

Britain yesterday announced a package, worth about £10m ($17.5m) in the first year, to help Russia dispose of thousands of nuclear weapons, Reuter reports from London.

Defence secretary Tom King said Britain would provide 250 special containers for the secure transport of nuclear weapons and up to 20 special armoured transport vehicles to carry them.

Officials said Russian technicians would dismantle the weapons. The former Soviet Union had about 30,000 nuclear warheads, and the Russians plan to dispose of about 20,000 of them over the next 10 years.

Kohl backs Prague's EC drive

German Chancellor Helmut Kohl pledged yesterday to press for Czechoslovakia's integration into the European Community as he signed a Czechoslovak-German treaty of good neighbourliness in Prague, writes Ariane Genillard in Prague.

Several hundred demonstrators, mostly elderly people from the Sudeten lands, greeted the chancellor with angry shouts of "shame" and "this is our home". They reject the treaty because it fails to settle the claims of Sudeten Germans.

More than 2.5m Sudeten Germans were expelled from western Czechoslovakia in 1945 and many now live in Bavaria. They have been campaigning to regain their former properties which are now being auctioned to Czech citizens under the current privatisation programme.

Danes urge new role for WEU

Canada's decision to withdraw its Nato troops from Europe underlines the importance of building up the Western European Union as the pact's European pillar, Danish Foreign Minister Uffe Ellemann-Jensen said yesterday, Reuter reports from Copenhagen.

"The European role in Nato must be carried out increasingly by Europeans," he told Danish radio. The Canadian decision should come as no surprise, following US plans for a major cut in the number of its troops in Europe, he added.

"This development underlines the need for a new role for the WEU and the need for Denmark to join it," he said.

Lenin's body 'not for sale'

The Russian secret police said yesterday that the government had no intention of selling the embalmed body of Vladimir Lenin, even though it has received offers of up to $27m, AP reports from Moscow.

Responding to a prank magazine article last November that said Lenin's body was up for auction, the head of the Russian Security Ministry's press office said that the spectre of selling Lenin was a "joke".

"That type of joke has made several western businessmen excited," said Mr Andrei Chernenko. "No government organisations or institutions have discussed the possibility of selling or moving Lenin."

Warrants issued over 1988 attack

A French judge has issued international arrest warrants against four gunmen of the radical Palestinian group led by Abu Nidal over a 1988 attack on a ferry in the Aegean Sea in which nine tourists, including three French people, died, according to justice officials, agencies report from Paris. The warrants charged four Palestinians with murder and attempted murder in the attack on the vessel, City of Poros, on July 11, 1988.

Final act looms as theatre row moves to Austrian political stage

By Eric Frey in Vienna

A BITTER controversy surrounding the Vienna Burgtheater, Austria's leading theatre, has pitted the country's cultural establishment against the chancellor and one of his ministers.

The leaders of the actors' council at the theatre resigned this week to protest against the decision by Mr Rudolf Scholten, the minister of education and cultural affairs, to renew the contract of Mr Claus Peymann, the theatre's controversial director.

The actors, including Klaus Maria Brandauer, accused Mr Peymann of mismanagement, falling attendance, cost overruns and general neglect of the actors' interests.

"This enterprise is not being managed," said Mr Franz Morak, the chairman of the actors' council. "The situation at the Burg is one big scandal."

Mr Peymann's foes are backed by most of the country's conservative newspapers and the OVP Christian Democratic party, junior partner in the governing coalition.

The row has added to the tensions in the fragile coalition. Leading OVP politicians immediately denounced Mr Scholten's decision, while Chancellor Franz Vranitzky, a Social Democrat, is backing his former personal assistant.

Clashes over cultural issues in Austria serve as surrogate battle for deep-seated political conflicts. The criticism against Peymann is filled with anti-German and wider xenophobic sentiments, echoing the emotions that helped elect Mr Kurt Waldheim as president in 1986 despite damaging revelations about his war record.

Not surprisingly, Mr Peymann has been in the forefront of the anti-Waldheim movement, staging a number of plays critical of Austrians' role during the Nazi period.

The 55-year-old Mr Peymann has been at the centre of controversy since moving from the German town of Bochum to Vienna to assume his prestigious post in 1986.

Theatre critics praise him for his innovative style which has helped to turn the venerable and often stodgy theatre into the most creative stage in the German-speaking world.

But Viennese audiences have been less excited about Peymann's ideas – especially the actors he brought with him from Germany and who have driven away many of the local favourites of the stage.

The attacks against Peymann reached a climax in recent weeks as his contract came up for renewal.

While Peymann seems set to win the latest clash with his actors and stay on as director, he is on the losing end on a more symbolic issue. Unable to block Peymann's reappointment, the OVP has been holding up his application for Austrian citizenship.

Italian public sector deficit overshoots

ITALY'S public sector deficit in 1991 overshot original budget projections by 16 per cent and reached L152,000bn (£70bn) according to Treasury figures released yesterday, writes Robert Graham in Rome. The budget target for the deficit was L131,000bn, but this was revised to L141,000bn in the autumn. The overshoot was widely anticipated, but it makes the 1992 budget aim of a L128,000bn deficit in an election year even more unlikely.

In 1991 state spending was L575,000bn against receipts of L441,000bn. Treasury operations covered a further L18,000bn. The deficit was largely met by recourse to the domestic market with net foreign debt accounting for L5,192bn against L14,194bn the previous year.

The Treasury continues to use its overdraft facility with the Bank of Italy, though this credit window is due to be closed under a law to be submitted to the next parliament.

Dutch say CSCE needs crisis team

By Robert Mauthner, Diplomatic Editor

DECISION-MAKING in the 48-nation Conference on Security and Co-operation in Europe must be streamlined if it is to act effectively in times of crisis, foreign minister of the Netherlands, Mr Hans van den Broek, said yesterday.

In an address to the Royal Institute of International Affairs in London, Mr van den Broek endorsed a German-Czechoslovak proposal that the CSCE should establish a steering committee as a form of executive on behalf of the collective membership.

Such a committee could be modelled on the lines of the European Community's Troika (past, present and future presidents of the EC Council of Ministers), delegated to represent the Twelve in areas such as political co-operation.

But while the Dutch foreign minister favoured strengthening the operational role of the CSCE, he was opposed to expanding the organisation's institutions. "We don't think dressing up the CSCE into some kind of regional United Nations, including a Security Council with permanent members, would be a very good idea," he said.

Mr van den Broek also supported a proposal that Nato should perform "operational and co-ordinating functions" in European peace-keeping operations, at the specific request of the CSCE.

Turning to the EC, the minister said that the Community, in its present form, "might be strong enough to accommodate another two or three members. But beyond that number, it was likely to run into "institutional paralysis."

"Ever more European peoples should not be allowed to join at the expense of ever closer union. After all, the new democracies of central and eastern Europe aspire to join a strong Community, not a weak one," he said.

An English solution to an Irish problem

But Dublin must now find its own answer to the abortion dilemma, writes Tim Coone

THE YOUNG women demonstrators who scuffled with police outside the Irish parliament this week waved banners saying "Get your rosaries off our ovaries."

The plight of the 14-year-old rape victim, who is finally to be allowed to travel to Britain for an abortion following a Supreme Court ruling on Wednesday, has produced a dramatic backlash against Ireland's strict anti-abortion laws, to the point where a growing number of Irish politicians may be ready to countenance legalising abortion in certain circumstances.

Ms Mary Harney, minister of state for the environment, said this week: "If it is all right for the 14-year-old girl to go to London, the logical conclusion is that we should provide limited facilities [for abortion] in this country.... A lot of people, including church people, accept she should be allowed to go to Britain for an abortion.... If she can go to London, we cannot avoid the hypocritical situation of saying it is an English solution to an Irish problem."

Mr Dick Spring, leader of the opposition Labour party, said: "I think the political courage is there for change."

Underpinning this about-turn is the radical change in Irish society during the past decade. While the law has become stricter, as a result of a 1983 constitutional amendment, the number of abortions has increased and the numbers of unmarried and lone mothers has grown dramatically.

More than 4,000 Irish women obtained abortions in Britain last year, according to figures based on those who gave Irish addresses, and this, says Ms Valerie Richardson, a lecturer in social administration at University College, Dublin, represents only "a half to a third" of the true number.

If one assumes that others gave British addresses, then, on the basis of about 53,000 live births a year in Ireland, the rate of terminated pregnancies was probably 10 to 15 per cent. And, as the figure is growing annually, it may be approaching the level in England and Wales – about 21 per cent, according to the British Family Planning Association.

While about 72 per cent of British women practice contraception, only 20 per cent of Irish women do, according to research by Ms Richardson at Dublin's main maternity hospital. This included "natural" means such as the rhythm method and withdrawal.

Government statistics say that more than 75 per cent of live births to women in the under-24 age group last year were to unmarried mothers and that the figure for the under-20 age group was nearly 90 per cent. Twenty-five per cent of their children go for adoption.

The number of lone mothers in Ireland is officially estimated at 30,000, and that, says Mr Tony McCashin of the National Economic and Social Council in Dublin, "is a significant underestimate".

He says the real figure is difficult to obtain from official statistics, "but what can be said very definitely is that, as a sub-group in the population, they are growing very rapidly."

The reason, says Ms Richardson, is that "marriage as a solution for young mothers has stopped being a way out for them." Marriages have dropped from almost 23,000 per year in the early 1970s to 17,500 in 1990.

Such social changes – driven by higher living standards, a growing number of women in the workforce, emigration and Irish women looking at the greater freedom of choice afforded their peers in other European Community countries – have been far more powerful than the Catholic church-supported laws designed to contain them. Politicians are now being called upon to recognise that fact.

EC treaty could spell further complications

By Andrew Hill in Brussels

RATIFICATION of the Maastricht treaty in Ireland could create a "constitutional nonsense" by overriding the Irish Supreme Court's decision to allow a 14-year-old rape victim to terminate her pregnancy in Britain.

Mr Geoffrey Hoon, a UK Labour MEP, told the European Parliament's legal affairs committee that Community legal experts should look into implications of the special protocol attached to the treaty, which promises that EC law will not affect the application of Ireland's constitutional "right-to-life" amendment.

The Irish Supreme Court has not yet given its reasons for setting aside a High Court decision which would have prevented the pregnant girl from travelling abroad. If the Court argues that this was a special case, some EC lawyers are worried that the Maastricht protocol could prevent Irish women appealing to the European Court of Justice against future restrictive court decisions on the right to travel abroad for abortions.

Mr Willi Rothley, German Socialist MEP who called for the debate, said the Irish High Court decision had threatened EC treaty provisions guaranteeing free provision of services throughout the EC.

But Mr Pat Cooney, an Irish lawyer and Fine Gael MEP, condemned fellow deputies. "It isn't up to the EC to harmonise the cultures, the religious practices and the philosophies of member states," he said.

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Thais pass bill after American patent demands

By **Peter Ungphakorn** in Bangkok

THAILAND'S legislative assembly yesterday passed a bill to extend patent coverage to pharmaceuticals, food, drinks, biotechnology and agricultural machinery.

The new act largely complies with demands from Washington and should help Thai exports avoid punitive action under "Special 301" provisions of US trade law.

The US trade representative, Mrs Carla Hills, is due to announce a decision in mid-March. This will conclude a year-long investigation into whether Thailand's failure to provide new pharmaceuticals with patents amounts to unfair trading practice.

The complaints against Thailand were originally made by US companies. However, last March Washington announced it was initiating its own investigation. Similar investigations against India and China on intellectual property rights were also launched.

Critics argue that the law yields too much to the US. They would prefer to see a four-year grace period before pharmaceuticals can be patented. They warn that acquiescence will encourage Washington to raise new issues with Thailand unilaterally instead of working through the General Agreement on Tariffs and Trade (Gatt).

But Thai trade officials counter that the law was designed to comply with the draft agreement on intellectual property rights currently on the table in the Uruguay Round of Gatt talks and not with US demands.

Their emphasis is on strengthening Gatt rules in order to reduce unilateral pressure from the US.

The law gives the government some power to deal with abuse of monopoly power. If after four years the patent holder overcharges or withholds supply, the government can force the patent-holder to issue production licences to competitors.

In December, the US trade representative dropped an investigation into copyright infringements in Thailand. Washington said it was satisfied that Bangkok was taking action to clamp down on illicit copying of video and music tapes and computer software. But the US said it would continue to watch the situation.

Hills looks for 'options' to spur action by India

By **Nancy Dunne** in Washington

MRS Carla Hills, the US trade representative, has asked an interagency group to "develop options" for dealing with India's failure to provide "adequate and effective" patent protection.

While praising India for progress made in its efforts to provide copyright and trademark protection, Mrs Hills said serious problems remain with its lack of product patent protection for pharmaceuticals, its "excessively short-term protection and overly broad involuntary licensing provision".

She is prepared to continue to work bilaterally and multilaterally with India in hopes of avoiding US sanctions.

According to the trade representative, India has agreed to submit legislation to its parliament to provide for rental rights for videos, improve protection for sound recordings and tighten enforcement of copyrights.

It has guaranteed national treatment to foreign owners of trademarks.

New legislation, to be submitted to the Indian parliament, will provide statutory protection for service marks and make other improvements in the law, she said.

EC's new associate states fear deficits

By **David Buchan** in Brussels

SENIOR officials from Poland, Czechoslovakia and Hungary yesterday welcomed the Community's decision not to let last-minute difficulties over car quotas and transit prevent trade provisions of their EC association accords coming into effect on March 1.

But the officials told a conference here that the agreements might tip their countries' expanded trade with the EC into deficit and might thus face some difficulty in getting ratified in their parliaments.

The trade provisions, aimed at creating a free flow of industrial goods between the Twelve and the three central European countries within the next 10 years, will apply from Sunday. But the full agreement, covering services, labour, capital flows and political consultation, must await ratification by all 15 national legislatures.

The new accords with central Europe cover:

- **Trade.** The EC will remove most quotas at once, and tariffs over 2-5 years, and the central Europeans will reciprocate more slowly by phasing out tariffs and quotas over 4-10 years. To get duty-free entry into the EC, central European goods must have at least 60 per cent local content.
- **Sensitive products.** EC concessions on food, textile, steel and coal are limited, but all curbs, except on agricultural goods, are to disappear.
- **Competition policy.** The central European states are, within three years, to start applying EC anti-trust law, but can give state aid to backward areas. The EC will conduct anti-dumping inquiries.
- **Capital.** EC investors in central Europe will be able to repatriate profits freely.
- **Services.** In general, each side will allow the other's companies to establish themselves on the same basis as its own companies. But the central European countries need not let EC companies into their defence or financial sectors.
- **Labour.** The agreements do not allow more workers into the EC but those already there will enjoy equal social benefits.

● The North American Free Trade Agreement

US and Mexico face $24bn boost

By **David Dodwell**, World Trade Editor

A SUCCESSFUL North American Free Trade Agreement (Nafta) would add an annual $24bn (£13.7bn) to trade between the US and Mexico by 1995, according to a study by the Washington-based Institute for International Economics. The US would transform a visible trade deficit in 1990 into a substantial trade surplus.

A total of 609,000 jobs would be created in Mexico. While 112,000 US workers would be "dislocated", the creation of 242,000 jobs would give the US a net gain of 130,000 new jobs, the study suggests.

PROJECTED EFFECTS OF NAFTA, ACCOMPANIED BY MEXICAN POLICY REFORMS, IN 1995 (CHANGES FROM 1989 LEVELS)

Trade Effects	US$bn
Larger US exports to Mexico	16.7
Larger Mexican exports to US	7.7
Net change in US trade balance	9.0
Employment Effects	**000's**
US jobs dislocated	112.0
US jobs created	242.0
Net US job gains	130.0
Mexican net employment gains	609.0
Wage Effects	**Per cent**
Change in US wage rate	0.0
Change in Mexican wage rate	8.7

Source: Institute for International Economics

The study appears at a highly sensitive stage in negotiation of the Nafta. A series of meetings since January has generated unexpected momentum, raising hopes that agreement can be reached ahead of US presidential elections.

The study contradicts widely publicised – and politically effective – predictions by political opponents to President Bush that the Nafta would lead to job losses in the US due to migration of factories into Mexico.

The study argues that a "properly crafted" Nafta "holds the promise of becoming a landmark agreement": it could demonstrate that a middle-income nation like Mexico could be successfully joined to two high-income states; it could "reinforce and lock in" recent economic reforms in Mexico; it could "pioneer the meaningful inclusion" of labour and environmental issues into a trade agreement – something the Uruguay Round of negotiations on world trade reform has been unable to accommodate.

The study forecasts that if the Nafta is successfully negotiated, Mexico's exports to the US would rise by $19.45bn from $27.2bn in 1989 to $46.65in 1995.

At the same time US exports to Mexico would surge by $33.6bn from $25.0bn to $58.6bn. This would transform a US deficit on visible trade in 1989 of $2.2bn into a surplus of almost $12bn.

In the absence of a Nafta, Mexican exports to the US would grow more modestly to $38.9bn, while US exports would rise to $41.85bn, leading to a visible surplus in the US favour of just under $3bn.

The net gain in trade attributable to the Nafta would thus be worth $16.7bn in exports from the US, and $7.7bn in exports from Mexico. The deterioration in Mexico's visible trade balance would be fully financed by inflows of foreign capital, and repatriation of Mexican capital, fuelling "a rapid acceleration of Mexican growth" – with real GNP growth averaging 6 per cent a year – the study predicts.

Mexico's trade with Canada, which stood at a meagre $1.9bn in 1990, would expand by 30 per cent by 1995.

The study calls for the Nafta to be compatible with the General Agreement on Tariffs and Trade (Gatt), and to act as a model for the Enterprise for the Americas Initiative.

It should avoid any taint of "Fortress North America", and should include commitments to "harmonise up" environmental standards.

It calls upon President Bush to commit "several billion dollars for upgrading environmental conditions on the (US-Mexico) border". At present, he has committed $200m.

* *North American Free Trade: Issues and Recommendations, by Gary Hufbauer and Jeffrey Schott, available from Institute for International Economics, Washington.*

Canada seeks entry clause for others

By **Henry Hamman** in Miami

CANADIAN negotiators have told the US they think an accession clause setting out the procedure for the admission of more members to the North American Free Trade Agreement (Nafta) should be considered for inclusion in the Nafta treaty.

Among the Latin American countries which have approached the US about possible membership in an expanded Nafta are Chile and Colombia.

Earlier this week, Mr Guillermo Ford, Panama's vice president, said in Miami that Panama was also interested in a future that might include Nafta. He said he had discussed Panama and Nafta with the Canadian ambassador.

The US has told Latin American countries they would have to wait until the Nafta treaty is nearer completion to find out what arrangements might be made for their accession. At the same time, the US has told both Mexico and Canada that signing Nafta would not preclude the US from concluding other free trade agreements in the hemisphere.

The issue of widening Nafta is seen as politically problematical by the US. A Nafta accession clause which allowed expansion of the bloc without explicit Congressional approval is anathema to the Bush administration, which is already facing criticism from some legislators and labour unions for seeking to add Mexico to the existing US trade pact with Canada.

One way to accommodate the accession clause proposal while meeting US political concerns might be to adopt a modified version of the procedure used in admitting new members to the General Agreement on Tariffs and Trade (Gatt), according to a study by the Institute for International Economics. Membership of Gatt requires countries to demonstrate they can fulfil obligations set out in the Gatt. Prospective members are also required to negotiate an accession protocol.

Individual members of Gatt are allowed unilaterally to invoke a non-application clause which allows the member to deny the benefits of Gatt to the new member. The US would be free to give Congress the right to invoke the non-application clause.

The US and Mexico are close to agreement on a domestic content rule which would pave the way for free trade in textiles and apparel to compete with the giant Asian producers, writes Nancy Dunne in Washington.

Meetings are to be held next week to offer a "sweetener" to Canada. The Canadians, who want to maintain a different rule worked out with the US in their bilateral agreement, may be offered an exemption from the US-Mexican pact. Under the current US-Canadian agreement, textile and apparel producers can use foreign yarn but not foreign fabric to get duty-free treatment. The US-Mexico rule would require that the yarn be produced in North America along with the rest of the fabric or garment.

Japanese rice lobby applauds Gatt veto

By **Robert Thomson** in Tokyo

PROVINCIAL politicians in Japan yesterday applauded the government's decision to exclude rice from a list of food trade items to be liberalised, and agriculture officials added barley, wheat and dairy products to the list of exclusion.

Japan has decided not to propose a tariff schedule to replace its present ban on rice imports in an agriculture trade package due to be presented under the General Agreement on Tariffs and Trade (Gatt).

The exclusion of rice followed pressure from members of the ruling Liberal Democratic Party (LDP) who were concerned that a concession on the issue would further undermine the party's already shaky popularity.

Mr Koichi Kato, the chief cabinet secretary, said the decision to withhold a tariff for rice reflected the continuing uncertainty over the course of farm trade talks in the Uruguay Round. Japan is planning to offer tariff cuts of between 15 and 30 per cent for a range of other agricultural products, and will reduce its internal supports for some grains and dairy products by 20 per cent.

Boeing urges move to curb Taiwan aid

BOEING yesterday urged the US government to move swiftly on a bilateral agreement with Taiwan to prevent the use of "unchecked government subsidies and other trade-distorting measures" in Taiwan's proposed venture with McDonnell Douglas, writes Nancy Dunne.

A senior Boeing official told the congressional joint economic committee that the government of Taiwan is undertaking a much larger role in the enterprise than originally had been expected.

Boeing pointed out that world demand for aircraft had slowed to no more than 600 a year with current world production capacity at about 1,000.

Japan rate cut urged by LDP elder statesman

By Stefan Wagstyl in Tokyo

MR Shin Kanemaru, the elder statesman of Japan's ruling Liberal Democratic Party, yesterday added his voice to demands for the Bank of Japan to cut interest rates to stimulate a flagging economy.

He also strongly attacked the central bank's independence, saying it was Mr Kiichi Miyazawa, the prime minister, who had the power to make decisions on monetary policy, not Mr Ysushi Mieno, the Bank of Japan governor.

"They say the Bank of Japan governor has the authority on the official discount rate but the prime minister is almighty," said Mr Kanemaru at a meeting of the LDP's largest faction, of which he is currently president.

Mr Kanemaru called for a further cut in the ODR of 0.5 percentage points to 4.5 per cent, saying that if the rate had been cut by 1 percentage point at the time of the last reduction in December, instead of 0.5 percentage point, the economy "would not have declined so suddenly."

Mr Mieno, speaking at a regular press conference, said he saw no need for a further easing in monetary policy. He said the economy was slowing but there was no risk of a sudden sharp downturn in growth.

As Mr Kanemaru's remarks show, politicians and businessmen are becoming increasingly vociferous in their demands for further cuts. Recent economic data indicate that the economy is slowing faster than the authorities expected.

The central bank's independence is enshrined in law. But in practice it is susceptible to influence from the government through the ministry of finance, not least because the ministry traditionally has a voice in appointing central bank governors.

Mr Mieno has said that de facto independence relied heavily on the central bank maintaining a reputation for timely changes in policy. He said that while he consulted government officials and businessmen, he kept his distance from politicians.

● Further evidence of the slowing of the economy came with publication of figures showing household spending in December fell in real terms by 0.8 per cent, the first decline in a year. For the year as a whole, household spending rose by just 1.7 per cent in real terms, according to the government's management and co-ordination agency.

Tokyo rejects China's claim over islands

By Robert Thomson in Tokyo

JAPAN HAS strongly condemned a formal claim by China to a group of disputed islands in the East China Sea that Beijing now says could be defended with force.

In a rare public criticism of Beijing by a Japanese leader, Mr Kiichi Miyazawa, the prime minister, said yesterday that a new Chinese law asserting control over the Senkaku islands is in breach of an understanding reached between the two countries.

China refers to the five uninhabitated islands and three reefs as the Diaoyutai group, and has complained that a beacon built on one island by a right-wing Japanese group violates Beijing's "ancient" authority over the group.

The two countries generally maintain an uneasy silence over the ownership of the islands in line with a pronouncement by Deng Xiaoping, the paramount Chinese leader, that the issue should be settled by "future generations."

But Chinese communities in Hong Kong and Taiwan protested in late 1990 when the Japanese government recognised that the beacon was legitimate, and sent coast guard vessels to turn away a Taiwanese boat wanting to moor on the islands, which are about 200km east of Taiwan and 300km west of Okinawa.

Mr Miyazawa said yesterday the dispute was "closed," implying that Japanese sovereignty has already been asserted.

Mr Koichi Kato, the chief cabinet secretary, said the Chinese claim was "unacceptable."

The new legislation, apparently introduced at the urging of the People's Liberation Army, provides for China to evict "trespassers" and asserts Chinese control over the Spratly Islands in the South China Sea, which are contested by Taiwan, Vietnam, Malaysia, Brunei and the Philippines.

On Wednesday, the Japanese embassy in Beijing protested to the Chinese government, while China's ambassador to Tokyo was yesterday called to the Foreign Ministry to hear a formal complaint from the Japanese government.

Neither country wants to be drawn into more than exchanges of protests over the islands, but they remain a potential source of conflict in the region.

Tokyo officials expressed dismay that the controversy comes as the two governments are preparing to celebrate the 20th anniversary of the normalisation of their relations.

NEWS IN BRIEF

Zimbabwe plans to seize whites' land

Zimbabwe's government tabled a bill in parliament yesterday which would seize more than half the land owned by white farmers and distribute it to black peasant settlers, Reuter reports from Harare.

The 4,500 white farmers fiercely oppose the bill, which would forbid them to challenge cases of unfair compensation in court. They stand to lose 5.5m hectares (13.6m acres) of their 10m hectares of prime agricultural land if the proposed legislation is passed without changes.

Iraq 'hiding nuclear secrets'

Iraq continued to withhold information from UN inspectors about its weapons of mass destruction and nuclear capability, contrary to assurances of co-operation, the head of the United Nations team reported yesterday, writes Michael Littlejohns, UN Correspondent, in New York.

Mr Rolf Ekeus, chairman of the commission charged with dismantling Iraq's most dangerous armaments, said that prohibited, previously undeclared ballistic missile materials were discovered by the UN at two sites even as discussions were taking place with Iraqi officials in Baghdad last weekend.

Gulf war 'damaged environment'

The Gulf War caused irreparable damage to the environment and its legacy poses a serious health hazard, according to a Greenpeace survey released today. .

The war "has resulted in an unprecedented disaster for the region, which has been left with a serious impact on the sea, land and atmosphere that will take years to heal," the group concluded. The Meteorological Office in London has said its studies of the region indicate the damage is not as bad as first predicted, although long-term effects could take years to emerge.

Kuwait to invest in E Europe

Kuwait plans to invest $300m in eastern Europe in the long term, mainly in the energy sector, its ambassador to Austria said yesterday, Reuter reports from Vienna.

The emirate would buy companies or stakes under privatisation programmes with which reforming countries were seeking to modernise their oil industries, update refineries and run service stations, Mr Abdul Hamid Abdullah Al-Awadhi said.

South Korean farm deficit

South Korea's customs-cleared trade deficit in agriculture, forestry and fisheries rose 16 per cent to $6.76bn last year from $5.82bn in 1990, provisional trade ministry figures showed, Reuter reports from Seoul. The total deficit was $9.65bn last year.

Exports of agricultural, forestry and fisheries goods were $3.06bn in 1991 while imports stood at $9.82bn, against $3bn exports and $8.82bn in imports in 1990. The rise in the deficit was attributed partly to a sharp increase in imports from China.

India's economic growth rate slips to 10-year low

By David Housego in New Delhi

INDIA suffered its lowest rate of economic growth in a decade in the financial year now ending, according to the government's economic survey published yesterday.

The estimated 2.5 per cent growth in real gross domestic product – or a little more than the growth in population – was the result of stagnant agricultural output.

Growth in all industries turned negative after rising 10 per cent the previous year (based on six-month figures), while manufacturing output dropped by 2.5 per cent after climbing 11.4 per cent the year before.

The industrial recession – which is likely to continue into the new financial year – was caused by the impact of high interest rates, curbs on imports because of balance of payments pressures, and the sluggishness of world markets. The survey shows that imports in dollar terms fell by 17 per cent in 1991-1992 while exports fell by 6 per cent. As a result the trade deficit narrowed to $1bn from $5.9bn in 1990-91.

One of the most encouraging signs in the survey is a build-up in foreign exchange reserves which have climbed to $4.4bn from a low point of $1.1bn (equivalent to two week's imports) at the end of June. Most of the increase comes from fresh lending by multilateral institutions.

The survey shows how close India came to default on its external debt last year. Unable to obtain fresh commercial borrowings abroad, it suffered a net outflow of $952m between April and June from expatriate Indians taking out their non-resident deposits. The survey says that the net outflow of non-resident deposits only came to a stop in January.

The Finance Ministry's survey of the economy tracks its failure so far to achieve a substantial reduction in the inflation rate which touched a peak of 16.7 per cent in August but has fallen since then to 12 per cent.

Money supply growth (M3) for the year is likely to end up at 15 per cent above the previous year, and two percentage points above target. This reflects both continuingly high net government borrowing from the Central Bank and the build-up of the foreign exchange reserves.

Budget will be a test for the government's nerve

The risk, writes David Housego, is Finance Minister Singh might prefer fudge and compromise

DR MANMOHAN SINGH, the Indian finance minister, is a man with a reputation for caving in too easily under pressure.

His strength of nerve will be severely put to the test when he faces parliament tomorrow to present the nation's budget and during the acrimonious weeks of debate that will follow as his critics savage the content.

The budget marks the second wave of liberalisation and economic restructuring measures since the government launched its reform programme in July. For a minority administration – Prime Minister Narasimha Rao is still just short of a parliamentary majority – this is almost certainly the last chance it will have to put through a comprehensive package addressed to the issues of fiscal stabilisation, tariff reduction and overmanning in the public sector.

The risk is that, under the onslaught he faces, he will prefer to fudge and compromise rather than accept confrontation.

There are already signs of Dr Singh's readiness to yield. The opposition, whose attack on the budget is being co-ordinated by the Hindu BJP, the Janata Dal and the left, received a boost on Wednesday when they forced Dr Singh to disclose to parliament the terms of a $500m loan with the World Bank.

Singh: loan terms

Notwithstanding the government's bold intentions, little progress has been made over reducing public sector employment or in devising a mechanism to allow loss-making companies to retrench their workforces or to close.

Mr Singh is expected to announce that the 1991-92 budget deficit has been brought down to the target of 6.5 per cent of gross domestic product (GDP) agreed with the International Monetary Fund. But, with a shortfall on customs revenues this year, and fertiliser subsidies and credit to the Soviet Union costing more than expected, Dr Singh has had to use cosmetics to achieve the desired result.

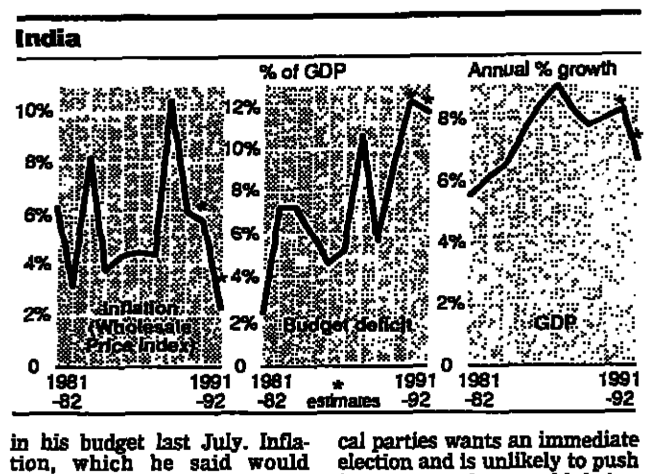
Some subsidy and other payments due this financial year will be carried over to the next budget.

At the same time, the BJP, the Janata Dal and the left – bulldozed into silence last year by the magnitude of the economic crisis facing India – have rediscovered the joys of populist socialist economics and of hammering the IMF. With the help of the trade unions, they hope to mobilise public opinion to counter what they call "anti-poor" policies.

Worst of all for the government is that many of the ruling Congress party's members of parliament share the doubts of the left about India's conversion to market economics and the slashing of subsidies.

The opposition's hope is that this build-up of pressure will force Prime Minister Rao to abandon Dr Singh or his chief advisers, or force the government to back down from the more unpopular measures.

Criticism of the government's economic policies has gained momentum because the economy has performed more poorly than Dr Singh forecast in his budget last July. Inflation, which he said would come down to 9 per cent by March, is at 12-13 per cent and has yet to absorb further increases in administered prices.



Industrial production has slumped from 8 per cent growth last year to below zero this. The growth in real GDP has dropped from the 4 per cent expected by Dr Singh in his last budget to 2.5 per cent. Private forecasting institutes estimate probable real growth for next year at between 1.6 and 3.9 per cent, meaning that India will for the first time in 15 years have two consecutive years of such low growth.

The government's strongest card is that none of the political parties wants an immediate election and is unlikely to push for a vote that could bring down the government.

Its other strength is that it has plentiful support from the IMF and the World Bank, which see India as a major test case of their policies and therefore seem likely to be more generous with funds and more accommodating in negotiation than they would be with other smaller developing nations.

As agreed with the Bank and the IMF, the budget's main task is to bring down the fiscal deficit while accelerating structural reform. Unless the deficit is cut (the target is to reduce it to 5 per cent of GDP in 1992/93 from 6.5 per cent this year), inflation will not fall. Lower inflation would enable the government to bring down interest rates and thus ease the recession in industry.

The priority the government is giving to bringing down inflation means that the bulk of the cut in the deficit will come from cutting expenditure.

Dr Singh is anxious to avoid new taxes that could add to inflation, though he wants to widen the tax base to bring in rural and urban groups who currently pay no direct taxes.

The cuts in expenditure will have to come from reductions in subsidies (particularly fertilisers), curbs on government employment and from reducing budget support to the public sector. It is over these measures that Dr Singh will face the toughest opposition.

His task is made more difficult by having to combine fiscal stabilisation with cuts in tariff duties. The budget will give the first public signal of how far the government is ready to go in opening up the economy by reducing protective tariffs, which in India average more than 110 per cent.

But, as customs duties provide almost 50 per cent of government revenues, Mr Singh will need to offset tariff cuts by raising excise duties, a move that will meet fierce opposition from domestic manufacturers.

General Edi Sudradjat, army chief of staff, makes a point at his Jakarta press conference yesterday

Six found guilty over East Timor massacre

INDONESIA'S army said yesterday it had found six soldiers guilty for last November's massacre of civilians in East Timor and would court martial eight others, Reuter reports from Jakarta.

General Edi Sudradjat, army chief of staff, announcing the findings of a special military council investigating the November shooting, told reporters that a further five soldiers were being investigated.

An earlier government-installed national commission said the troops killed about 50 people, while witnesses say at least 100 people died when soldiers fired into a crowd of East Timorese independence demonstrators attending a funeral.

The report of the national commission put much of the blame on the security forces and yesterday's announcement should help to appease Indonesia's major aid donors, who have demanded that soldiers be punished for their role in the shooting.

Those found guilty include two generals – the former East Timor military commander and regional military commander – who were relieved of their posts in late December.

Of the six, General Sudradjat said three had been dismissed from the military, two had been removed from active duty but had been allowed to keep their uniforms, and one was temporarily off active duty.

The eight soldiers being court-martialled include four junior officers, three non-commissioned officers and one private.

S Africa drought 'may hit economic growth figures'

By Stephanie Gray

THE effects of widespread drought on grain production in South Africa could negate the expected recovery in economic growth in the second half of the year, Mr Kraai van Niekerk, the country's agriculture minister, said yesterday.

Mr Barend du Plessis, the finance minister, had been expecting the recession-hit economy to expand by 1.5 per cent this year. However, Mr van Niekerk said: " As a result of agriculture's low production in summer rainfall areas, there is a great possibility the expected growth rate could be practically obliterated in the second half of 1992."

His predictions followed warnings on Wednesday that drought in southern Africa could cause famine in much of the region.

The United Nations Food and Agriculture organisation said hot and dry conditions in January and February were expected to reduce the total cereal harvest in 11 southern African countries to 16m tonnes, 25 per cent down on the average.

It said Zimbabwe and South Africa, which normally offset shortages in the area with their own surpluses, would themselves have to import food.

Other than these two countries, Mozambique and Zambia were likely to be most seriously affected.

The FAO said that as much as 2m tonnes of food aid could be needed for southern Africa this year. Total food imports for the region could be as high as 6m tonnes, three times more than in a normal year.

Logistical constraints could further exacerbate the problem, the FAO said, with port handling capacities stretched by unprecedentedly large cereal imports and neighbouring countries sometimes competing for limited rail wagons.

It said meeting food aid needs could be difficult as international attention was focused on emergencies in the former Soviet Union, eastern Europe, Iraq and the Horn of Africa.

Police captain admits to ordering attacks on UDF

By Patti Waldmeir in Cape Town

A South African police captain who admits he sympathised with the mainly Zulu Inkatha Freedom Party says he ordered attacks on anti-apartheid activists in 1988, some of the most striking evidence yet of links between the security forces and Inkatha.

Captain Brian Mitchell, on trial for the 1988 murder of 11 mourners at a funeral vigil, said on Wednesday that he ordered subordinates to attack members of the anti-apartheid United Democratic Front (UDF) – a close ally of the African National Congress (ANC) – and was shocked to discover that they had instead ambushed a house filled with mourners.

Anti-apartheid organisations allege that police have often instigated unrest and sided with Inkatha in township violence which has left over 10,000 people dead since 1985.

The celebrated Trust Feeds killings, for which Capt Mitchell is being tried, increased tensions in the Natal township where supporters of the ANC and Inkatha have waged war since the mid-1980s.

Prosecutors allege that Capt Mitchell, who is white, led the attack at the request of a local Inkatha leader. He and another white captain on trial have pleaded innocent.

Five black constables charged in the case also pleaded innocent.

Capt Mitchell said he regarded himself as a soldier engaged in a civil war where the UDF were enemies of the state.

Mongolia plans to free most fixed prices

MONGOLIA said it planned to free nearly all fixed prices next month, an important step towards a market-style economy that could lead to sharply higher prices, AP reports from Ulan Bator.

Mr D. Ganbold, deputy prime minister, made the announcement at a meeting of Mongolia's main donors. The decision will take effect on March 1.

"The prices of rationed goods could rise three, four or five times," he said.

Meat, milk, petroleum, cooking oil, rice and sugar are among the products affected. The prices of flour and some breads will remain controlled until the autumn harvest is reaped, Mr Ganbold said.

The price liberalisation, the third since January 1991, is likely to add to inflation, which is already running at more than 100 per cent a year, according to central bank calculations.

Representatives of seven donor nations (China, Germany, Japan, Russia, South Korea, the UK and the US), the World Bank, International Monetary Fund and the United Nations Development Program heard Mr Ganbold's announcement. They were in Ulan Bator for a meeting on Mongolia's growing economic crisis.

The Ministry of Trade and Industry asked the donors for an additional $450m this year to cover critical imports. The country is already to receive $168m of aid in imported goods this year but is expected to deplete those by June.

Analysts said $450m was far more than the country needs. The National Development Ministry estimated during its presentation that Mongolia's import shortfall would total only about $87m.

The donor representatives asked Mongolian officials to prepare a more detailed list of priority imports. No new aid was pledged.

Pentagon urges pressure on Beijing over high-tech weapon sales

By David White, Defence Correspondent, in Singapore

A SENIOR Pentagon official yesterday called on allies of the US to step up pressure on China to curb ballistic missile exports and transfers of nuclear technology.

Mr James Lilley, assistant secretary of defence for international security affairs, said the task should not be left to the US alone.

He hoped Beijing would take the "wise course" of curtailing deliveries in keeping with its decision last year to adhere to the Nuclear Non-Proliferation Treaty and comply with western guidelines on missile-related sales.

Failure to do so would justify "a very strong démarche" from the US and its allies, he told a conference on Asia-Pacific defence.

His comments followed recent reports of Chinese sales of missile components to Iran and other Middle East countries.

Mr Lilley said the west must also use economic leverage to persuade North Korea to back down from developing nuclear weapons. Earlier this week, Mr Robert Gates, director of the Central Intelligence Agency, told a Congressional committee North Korea was between "a few months" and "a couple of years" from making a nuclear bomb.

Mr Lilley said difficulties over ratifying and inspection agreements with the International Atomic Energy Agency appeared to be a "delaying tactic" while Pyongyang proceeded with nuclear reprocessing facilities. He described the latest evidence of North Korean activities as "ominous."

The US, which had already postponed the second phase of planned troop withdrawals from South Korea, needed to maintain a military deterrent, Mr Lilley said.

It had to be made clear to Pyongyang that it would be denied economic assistance and international respectability as long as it pursued its programme.

Mr François Heisbourg, the director of the International Institute for Strategic Studies, warned that the issue could blow up into "a massive international crisis".

However, these warnings were challenged by a prominent Chinese rocket scientist and academic, Dr Hua Di, who said North Korea was incapable of making nuclear weapons and was deceiving the west in order to improve its bargaining power.

AMERICAN NEWS

Brazil and Argentina look towards June deal on foreign debt

LATIN AMERICA's first and third most indebted countries are on track to secure outline agreements with bank lenders before mid-year. These could represent a significant step towards resolution of the foreign debt problems that have plagued them for a decade, according to bankers.

Brazil and Argentina could secure the outline accords by early summer, ahead of the 10th anniversary in August of the announcement by Mexico that it could not meet its debts: a move which marked the start of the third world debt crisis.

"I'm optimistic that we can get agreements in principle with both governments by June," said Mr William Rhodes, vice-chairman of Citicorp, the US bank that leads the bank advisory committees to both countries. Agreements in principle leave many details to be resolved, and acceptance by almost all bank lenders is required before they take effect. This process usually takes several months.

Bankers have long said that an Argentine deal should be easier to achieve than one for Brazil. "The Argentine deal should follow the text book more closely. Brazil is improving, but it's more of a minefield," said Mr Paul Luke of Chartered WestLB, a London-based merchant bank and debt trader.

The "text book" is provided by Mexico's debt restructuring completed in March 1990, the first large deal to be completed under the initiative named after the US treasury secretary, Mr Nicholas Brady.

The main difference between the two is the availability of the so-called enhancements, guarantees for interest and capital payments on concessional bonds that the governments will issue to banks in exchange for old bank loans.

Argentina is well placed to cover the maximum $3bn in enhancements it will need to restructure roughly $24bn of bank debt and $8bn of interest arrears. Its expected three-year extended fund facility (EFF) with the International Monetary Fund will trigger extra funds from Japan and other sources for the enhancement pool.

By Stephen Fidler

Brazil, which announced late on Wednesday that it had secured agreement for rescheduling part of its $24bn debt to government creditors of the Paris Club, has a smaller $2bn pool available for enhancements on its $40bn bank debt.

Its 18-month standby loan from the IMF attracts less money than an EFF, a facility unavailable to Brazil until it has met its targets for the standby loan. The lack of an EFF means there will be no funds from Japan, which is supporting the Argentine programme, while the World Bank is holding back money until it has had time to analyse the success of the IMF programme.

This shortage of funds will have a several consequences. The two sides will have to agree – for the first time in any Brady-style deal – the phasing-in of enhancements over time. Banks accepting concessional bonds will therefore need confidence in Brazil's longer-term ability and willingness to top up the pool of enhancements.

It also means that Brazil will have to encourage more banks to make further loans rather than take concessional bonds, in part by asking them to put up a smaller percentage of exposure in new loans (probably 16-17 per cent for Brazil versus 25 per cent for Argentina). This will reduce the scale of debt reduction achieved by Brazil.

That is not to suggest that Argentine negotiations will be problem-free. There is concern about inflation – its current IMF standby programme assumes 7 per cent inflation for 1992, while retail prices will have risen by more than 5 per cent in the first two months of the year.

There are significant differences too between the latest Argentine proposal and the banks' response.

Mr Lawrence Brainard, an economist with Goldman Sachs and a former leading economic adviser to several bank advisory committees, suggests that banks will not gain any benefits if they push Argentina to make greater concessions.

"The Argentine offer to the banks is even a bit generous leaving only modest room, in our view, for further improvements," said Mr Brainard, basing his analysis on the government's fiscal position. If the banks push for too much, they increase the likelihood that the deal will fail.

He has also pointed out that the economic boost obtained by Mexico following its agreement with banks will probably not be seen in Argentina, in part because the accord is already discounted by financial markets. A deal will mean Argentina increasing interest payments to banks from the $60m a month it is currently paying, rather than reducing them as in the case of Mexico.

Democrats reject Bush package to boost growth

By George Graham
in Washington

THE Democratic majority in the US House of Representatives yesterday rejected a package of measures proposed by President George Bush to give an immediate boost to economic growth, before moving on to debate its own package of tax cuts.

The Bush package, a slimmed down version of measures announced in the President's State of the Union message a month ago, included a cut in the capital gains tax rate, an investment tax allowance and tax incentives for first-time home buyers.

The Democrats attacked President Bush for selecting for immediate action only measures which principally benefit wealthier taxpayers, and for dropping the $500-per-child increase in personal tax allowances which he promised middle-income families in the State of the Union address.

Democrats have, however, had just as much difficulty in agreeing on their own package of tax cuts, and had to tinker with their proposals up to the last minute in the hope of ensuring its passage.

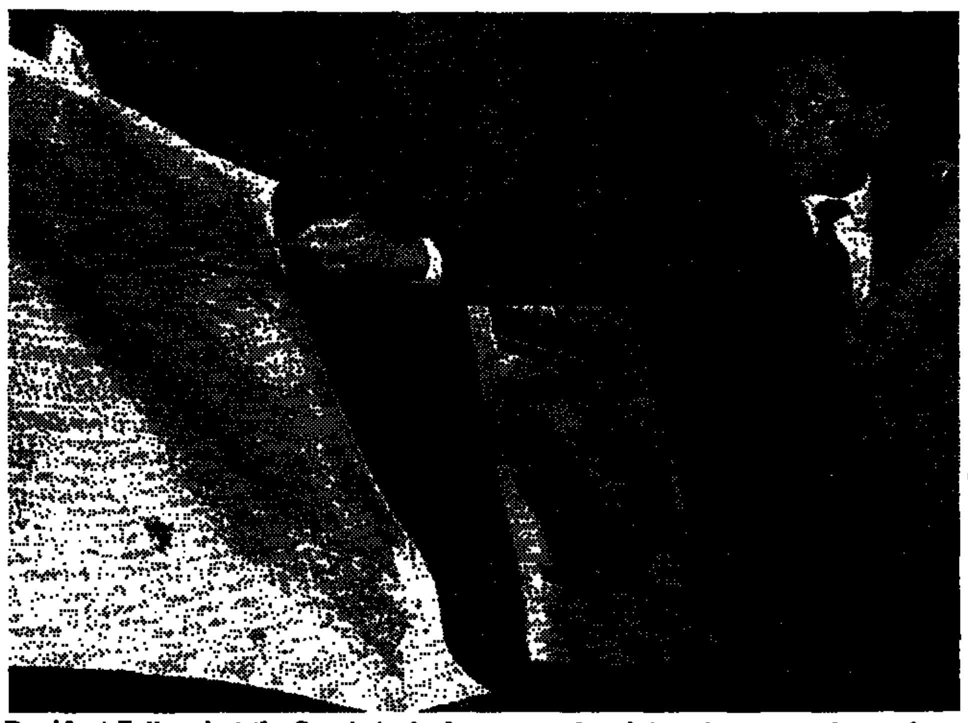
Although their package would index capital gains to inflation – an idea backed by many Republicans – President Bush has promised to veto the bill if it raises income taxes on the rich to pay for a tax credit aimed at middle-income taxpayers.

However, Mr Tom Foley, the House Speaker, said yesterday that he was not convinced that Mr Bush would carry out this veto threat.

The Republican plan was put together with the co-operation of the White House and House Republicans.

Representative Mickey Edwards, a Republican leader from Oklahoma, said the Bush measure fell short of what he wanted but was better than the Democratic alternative.

"We do not need the politics of envy and class warfare," Mr Edwards said. "We need jobs."



President Fujimori at the San Antonio drugs summit points out coca growing regions

Summit agrees drug-fighting measures

PRESIDENT George Bush and leaders from six Latin American nations yesterday concluded a two-day drug summit in San Antonio, Texas, by announcing measures to promote co-operation in their war against drugs, writes Damian Fraser from San Antonio, Texas.

The seven nations, according to preliminary reports, have agreed to set up a permanent structure in which cabinet officials from the participating countries will meet annually to co-ordinate the fight against drugs. They will also seek to curb the trade in chemicals necessary for the processing of cocaine, and help each other in spotting and seizing drug aircraft.

They will seek financial help from Japan and Europe to support the campaign.

Peru's President Alberto Fujimori rejected a proposal from Colombia, and supported by other participants, aimed at cutting Latin American cocaine production by 70 per cent by 2005, saying it could not be done without more aid.

FDA unable to monitor over-the-counter drugs

THE US Food and Drug Administration has insufficient mechanisms for approving and monitoring the safety of non-prescription drugs sold over-the-counter, a Congressional report warned yesterday, writes Alan Friedman from New York.

The report, by the General Accounting Office, the investigative arm of Congress, found numerous examples of health hazards associated with widely used over-the-counter drugs.

It stressed, however, that while the FDA has full authority to examine the safety and effectiveness of prescription drugs, this is not the case for over-the-counter products.

Members of the House of Representatives small business committee, which commissioned the GAO report, are seeking a more rigorous system under which the FDA can review non-prescription drugs.

The over-the-counter drug market had $11.2bn of sales in 1990, with more than 125,000 different products available, according to the GAO report.

Peace is one thing, cash another

The new world order is pulling at United Nations' purse-strings, writes Michael Littlejohns

JUST FOUR weeks after President George Bush and leaders of a dozen other nations gathered in New York to solemnly proclaim a central role for the United Nations in "the new world order", alarms are sounding over the cost of their grand design.

Members always knew that sending UN troops into the field could be expensive, but a shock wave ran through the Security Council when Mr Boutros Boutros Ghali, the new secretary-general, submitted his $633.5m budget for a year-long operation in Yugoslavia.

Although he said that UN military intervention offered the best hope for preventing renewal of the civil war, full deployment of the 14,000-person force has had to be delayed. The US, Britain, France, Russia and China – the five permanent members of the Security Council – want him to pare costs by at least $100m.

These veto-wielding countries must pay the lion's share – 56.155 per cent – of peacekeeping bills for the privilege of retaining their "special responsibilities" under the UN Charter.

This represents an international treaty binding on all members, yet few states honour their obligations. When Mr Boutros Ghali took over from Mr Javier Pérez de Cuéllar at the beginning of the year, only 25 out of 159 members (new admissions by next week will have increased the number to 175) had paid all their assessments. That left a deficit of $816.5m, equal to 45 per cent of the 1991 budget.

The biggest debtor by far was the US, which also has the highest assessment – 25 per cent – based on a combination of factors including population and gross national product (GNP). The US administration has promised to pay its dues of more than $500m, but the US Congress still has not authorised funding.

The world body soon will launch its most ambitious peacekeeping enterprise ever: a massive, 16-month-long plan to democratise and rehabilitate Cambodia. This is a country with virtually no infrastructure, and the UN will have to bring in even the most basic of essentials. Mr Boutros Ghali has put the total cost, to be paid by assessments, at $1.9bn. On top of that, $800m is needed in voluntary contributions to resettle 350,000 Cambodian refugees, 170,000 internally displaced persons and 150,000 demobilised troops.

Critics again are shouting "Too Much!", and the secretary-general's appeal for a $200m down-payment to start the operation has gone unanswered.

UN costs for Yugoslavia and Cambodia together will come in at more than four times the $700m that UN members were asked to pay last year for peacekeeping. And there may be more expenses to come.

Projected UN peacekeeping in Spain's former territory of Western Sahara during a referendum on its political future is expected to be budgeted at a minimum of $177m.

A tenuous ceasefire in Somalia brokered by the UN has been hailed as Mr Boutros Ghali's first diplomatic triumph, but a UN operation in Somalia could be costly and dangerous. It might even be unpopular, if a miserly response of only $20m donated so far to a $621m appeal for voluntary humanitarian relief is any guide.

Including Cambodia, where an advance group of about 1,400 personnel is already in place, there are 10 peacekeeping operations around the world today, all running large deficits. Thirteen similar missions have been disbanded since the first was begun in 1948. One is still going strong: monitoring the Arab-Israel ceasefire.

Mr Boutros Ghali, a shrewd diplomat whose no-nonsense style has won critics as well as admirers, foresaw that those euphoric participants at the UN summit might sing another tune when they had to reckon with costs. He has been mandated to produce by July 1 recommendations for a new, stronger UN in a report that must also address the financial implications.

In the aftermath of the Gulf War, the UN is struggling to fulfil its mandate to eliminate Iraq's weapons of mass destruction, block President Saddam Hussein's nuclear aspirations and ensure that Kuwaitis and others who suffered under Iraqi occupation receive compensation. So far, a commission set up to handle this has received a paltry $17m.

Iraq is supposed to foot most of the bill. But sanctions remain in force, and Mr Saddam refuses even to sell the $1.6bn worth of oil that the Security Council has agreed he may ship to meet urgent needs. Officials say there is a real possibility that the Commission may have to close shop.

One of a number of top UN officials now crunching numbers observed: "The members want to buy a Boeing 747, but all they're willing to pay for is a two-seater Piper Cub."

UK exports decline as world growth falters

By Emma Tucker, Economics Staff

THE DETERIORATION in Britain's exports to the rest of the EC was largely responsible for the poor trade figures last month, which saw the current account deficit virtually double.

The deficit in the current account, which covers trade in goods, services and certain transfer payments, rose from £409m in December to £794m in January – the sharpest increase since January last year.

Trade in merchandise goods – the visible trade gap – worsened by £385m to reach £1.1bn in January compared with £709m in December. This was mainly due to a sharp decline in the value of visible exports which more than offset weaker January import figures. Visible exports fell by 7.3 per cent on the month compared with a 2.6 per cent fall in imports.

Despite the recession Britain failed to close its visible trade deficit last year with imports outstripping exports to leave a deficit of £10.1bn. Yesterday's figures suggest the gap is widening.

Exports to the EC – which account for more than half of all Britain's exports – dropped from £5.3bn in December to £4.7bn in January. Much of this could be attributed to a slow down in the German economy. Gross national product in Germany has fallen for three successive quarters. In France growth was flat in the fourth quarter of 1991.

Sluggishness in the North American economies also affected British exports. In the three months to January exports to the US fell by 8 per cent compared with the three months to October and by 9.5 per cent compared with the same period a year ago.

The only area of the world to which Britain exported more in January than in December was Eastern Europe and the former USSR. Exports grew from £99m in December to £118m in January.

Elsewhere exports declined. Overall there was a 7.5 per cent monthly deterioration in the value of exports and a 1 per cent fall over the three months to January.

The underlying trend, gauged by looking at the figures on a three monthly basis, show that excluding erratics, like aircraft and precious stones, the growth in the volume of non-oil exports was outstripped by growth in imports. In the three months to January, exports grew by only 1 per cent compared with the previous three months, while imports grew by 2 per cent.

However, the continuing lack of demand in the domestic economy meant that on the month, imports fell to £9.4bn compared with £9.7bn in December.

Imports were 0.5 per cent lower than the previous three months, but 0.5 per cent higher than a year earlier.

An analysis of exports shows that cars were worst hit. Numbers exported fell 12 per cent in the latest three months against the quarter to October and by 22 per cent on the year.

Exports of chemicals, one of the few buoyant sectors of the economy, rose by 1.5 per cent in the latest three months compared with the previous three months and by 7.5 per cent on the year.

The biggest increase in the quantity of imports was in food, beverages and tobacco.

Ministers not told of supergun propellant

By Richard Donkin

GOVERNMENT ministers were kept in the dark about a large contract to supply explosive propellant for the Iraqi supergun, a senior civil servant admitted yesterday.

Mr Nicholas Bevan, an under secretary at the ministry of defence told MPs at the Commons trade and industry select committee investigating the supergun affair said that Foreign Office officials made overtures to the Belgian Government about the order without any ministerial approval or knowledge.

The MoD was told about the order by Astra, the UK munitions company which had found the propellants deal on the order books of PRB, a newly acquired subsidiary, in the autumn of 1989, six months before British customs officials seized barrel parts for the supergun at Teesport docks after an intelligence tip off.

Mr Bevan said the Astra information was passed on to the Foreign Office but no minsiters were told about it. "I saw no reason why ministers should know," he said. he added: "Minsiters were not informed. The Foreign Office decided it was not necessary to inform ministers before approaching the Belgian Government".

Mr Alan Clark the defence minsier, sitting next to Mr Bevan in the committee said he only found out about the supergun the following April at the time of the seizure.

Asked by Mr Jim Cousins, the Labour member for Newcastle upon Tyne, if he was content that such a sensitive matter should be handled exclusively by officials he Mr Clark replied: "Not entirely."

	Scotland	UK
Area (sq km)	70,080	242,520
Population (000s, 1990)	5,102	57,411
Population growth (1981-90)	-1.5%	+1.9%
GDP (1989, £m)	35,740	436,774
Unemployment (Dec 1991, % of workforce)	9.2	9.0

Source: CSO Regional Trends 1991, Employment Gazette, OPCS)

Scottish convention debates devolution voting systems

By James Buxton, Scottish Correspondent

THE Scottish Constitutional Convention, which has drawn up detailed plans for a Scottish parliament, will today publicly debate one of its most contentious issues, the system by which the parliament's members will be elected.

The convention, which includes opposition Labour Party and centrist Liberal Democrat party members, but is boycotted by the Conservatives and the Scottish National Party, has not had a full-scale meeting since it concluded its outline proposals in late 1990.

Although the convention's executive committee and working groups have since met regularly, the issue of a devolved Scottish parliament received relatively little public exposure during 1991.

This may have contributed to the rise in support for outright independence, which an opinion poll last month showed was wanted by 50 per cent of Scots. This shocked Labour and other convention members.

The recession in Scotland is less severe than in the UK as a whole but recovery north of the border is likely to be weaker, according to Scottish Office economists writing in the latest Scottish Economic Bulletin. Just as Scotland did not suffer as much as the rest of the UK from high interest rates, so it will not benefit so much from their lowering, the economists claim.

The new level of interest in the issue of devolution has been heightened by the British pre-election campaign being waged by all the major parties. John Major, the prime minister, must call an election by July 9 at the very latest.

Labour is prepared to accept a version of the additional member system for elections to the parliament under which two MPs would be elected in each of the 72 Scottish parliamentary constituencies and further members elected from party lists.

But there is a disagreement with the Liberal Democrats on how many additional members there would be and how they would be chosen.

A further issue is how to meet the Convention's objective of ensuring that there are as many women as men in the parliament. Though these questions will be aired at today's meeting the convention does not expect to reach agreement before the general election. The convention will also discuss facilities for MPs.

THE HOUSE OF COMMONS

Gloom fails to disrupt plans for April election

By Ivo Dawnay, Political Correspondent

THE prime minister clearly signalled a tax-cutting budget yesterday as senior ministers privately insisted that the gloomy economic outlook would not disrupt plans for an April 9 general election.

Amid mounting tension at Westminster, ministers close to Mr John Major indicated that the government was ready to press ahead with an election even if opinion polls are running against them.

Backbench MPs, who do not hold government positions, were being urged to keep their nerves steady even if polls, due this weekend, show the political tide moving towards the opposition Labour Party.

There was ill-disguised annoyance at press speculation that Mr Major might want to reconsider his options in the light of recent poll results and poor economic indicators, reinforced yesterday by the £1bn January trade deficit. The prime minister could delay calling an election until July 9.

Dismissing reports of a rethink as "absolute rubbish", one senior Tory cabinet minister said: "We are not going to take decisions on the basis of two poll results and a couple of nervous backbenchers."

While no final decision has yet been taken, most Conservative MPs concede that the government is now firmly "boxed in" to an April 9 ballot.

Any postponement would allow Labour to claim that the Tories knew they could not win and would provoke irritation among the electorate, one MP said.

It was also increasingly clear that business uncertainty over the political outlook was now a factor reinforcing the downturn by delaying companies'investment decisions.

Few Tory MPs appear to believe that there is much to be gained by holding out until the very end of the parliament in June in the hope of better economic conditions.

In a rowdy House of Commons chamber, Mr Major employed the clearest language so far to make clear his backing for a tax-cutting Budget. When Mr Neil Kinnock insisted that the Conservative plan to cut taxes, raise expenditure and balance the budget were "dishonest and absurd", the prime minister rounded on his opponent.

"It is quite staggering how terrified you and your party are of tax cuts," he told the Labour leader, adding later that Labour would cripple industry with a national minimum wage and "substantial tax increases" at a time when trading conditions were hard.

Mr Major was equally combative with Mr Paddy Ashdown when the centrist Liberal Democrat leader challenged him to justify cutting taxes instead of increasing public investment.

The prime minister remarked that, in the past, Liberals had "trusted people with their own money and believed they could make their own decisions."

Voters' would not miss the fact that the party was now aligned with Labour on tax and social issues.

No clear confirmation of the April 9 election date need emerge until two days after the March 10 Budget date, when it is widely assumed the prime minister will go to Buckingham Palace to seek a dissolution of parliament from the Queen.

Mr John MacGregor, the leader of the Commons, is thought likely to proceed with a conventional business statement next Thursday, outlining normal procedures to follow the chancellor of the exchequer's Tuesday Budget.

BRITAIN IN BRIEF

London stock exchange may relax rules

The board of the London Stock Exchange approved in principle a relaxation of its trade publication rules, heralding a reduction in the level of transparency in the stock market.

The decision – part of a three-year plan to overhaul the exchange's markets – marks a reverse of the move a year ago to increase transparency by forcing details of all trades to be published within 90 minutes. Market-makers, whose willingness to quote firm prices at which they would buy or sell stocks lies at the heart of the market, had complained that the 90-minute rule exposed them to loss.

Lloyd's wins court hearing

Lloyds of London has been granted the right by the House of Lords, Britain's highest court, to a separate preliminary hearing on its duty of care to the Oakley Vaughan syndicates.

The judgment came despite the refusal of the High Court to grant an automatic right of appeal to Lloyds in its case against Gooda Walker Names, who claim the insurance corporation did not take sufficient care in regulating the operation of the syndicates.

New body for securities

A new professional body for the securities industry is to be launched, modelled on institutes in the accountancy and legal professions.

The Securities Institute aims to attract members of the London Stock Exchange, as well as people working in related fields such as investment analysis, corporate finance and investment management.

Truck workers take pay cut

Nearly 700 staff have accepted a 25 per cent pay cut and 10 days enforced leave without pay, according to AWD, the small independent UK truck maker based at Dunstable, Bedfordshire.

The company said the measures were necessary in the short term to reduce operating costs before starting work on several overseas orders.

New offshore licences likely

A new round of offshore exploration licences will shortly be announced by the UK, according to Mr Colin Moynihan, the energy minister. He said recent discussions with oil operators revealed a high degree of interest, particularly in the so-called "frontier regions" at the fringes of traditional areas.

BP unions under threat

Unions at a BP Chemicals plants appear to have lost their fight to retain collective bargaining rights at the company after members voted overwhelmingly against a strike over the issue.

The TGWU general workers' union and the AEU engineers had organised the ballot at the Baglan Bay plant in Wales after the company gave them 90 days notice of its intention to end their role in pay bargaining.

Business urged to back games

Private industry and business have been urged to back Manchester's bid to stage the Olympics in the year 2000.

The cost of staging the games is estimated at £1bn, with half expected to come from government and local authority funding and half from the private sector.

The government has pledged £55m for work to start on facilities needed if Manchester is to launch credible opposition to other candidates including Berlin and Bejing.

Oil value down

The value of Britain's oil output fell in January for the third successive month because of the weakness in world oil prices, according to the Royal Bank of Scotland

Modest inflow in unit trusts

Unit trusts saw only a modest inflow of funds in January, despite the launch of 12 new trusts during the month. Net investment (gross sales minus repurchases) was just £26.8m, the worst inflow figure since September 1990. The number of unitholder accounts fell slightly again to 4.44m

Today **Michael Cassell** completes his pre-election tour of Britain. Before assessing the state of the nation he visits Essex, the epitome of Thatcherism's consumer-led revolution. Against the background of an imminent election he asks if the dreams of 'Essex Man' have been ruined by recession. Can Labour offer a comparable image of affluence? The answers are crucial to the result of a general election which could be the closest run contest since the Second World War

The mood of Britain

Painful hangovers in the land of the everlasting party

Ashley Ashwood

Symbols of Thatcherism: the road to Essex is lined with car showrooms and the trappings of consumerism, but the recession still bites deep

BOSS CARS, one of the flashier motor dealers out along the Romford Road, stands ominously empty; it seems the customers went first, followed quickly by the cars and then the boss.

Trevor Satoretti, one of the surviving, cheeky dealers kicking their heels on car lots east of London says: "If you offered a free motor with every gallon of petrol you still wouldn't shift them." He claims business is bad but declines to put his free offer to the test.

Much of the route from the City of London out through Bow, Stratford, Forest Gate and Manor Park towards the county of Essex proper, the land of conspicuous consumption, is lined by unchanging inner-urban neglect.

In spite of appearances, the local economy has until recently been thriving. In places such as Chadwell Heath, the fortunes of first-generation retailers have flourished on the strength of fat pay packets and easy credit.

Beyond Dagenham, with its rows of privatised council homes boasting satellite dishes and festoon curtains, lies Gidea Park and Harold Wood.

Here, people like Henry France, an office equipment supplier, have made a "quick turn" on privatisation share issues and begun to worry about inheritance taxes. Driveways are jammed with Mitsubishi Shoguns and Suzuki Vitaras. "Some of these houses need car park attendants", mutters Nesta Beglan, a cleaning lady heading along The Ridgeway.

During the 1980s, the good times rolled in Essex. As a result, it became a great British cliché for base materialism and the butt of jokes in which the local youth are portrayed as sex-crazed simpletons loaded with cash.

Lynne Transom is the real thing: a 22-year old Essex girl who lives in Barking and commutes to work in the City each day. She says many of the jokes "are based on the idea we've got above our station. Talk about a classless society – it's pure snobbery".

In spite of recession, Lynne and her family remain optimistic about the future: "Times are harder but we haven't done badly at all and want to do better." Mkyonos, not nearby Leigh - on - Sea, is this year's holiday destination.

But if the 1980s saw a materialistic binge, the early 1990s brought the hangover. Mallards, the local jewellers, advertise cash loans against the diamonds or Rolex bought in better times.

"Mrs Thatcher invited everyone to the party, then made them pay for their own drinks and left them to clear up afterwards," claims George Wickham, a former police sergeant from Brentwood.

"We had a brief spell of prosperity but I doubt we've made much real progress."

The plight of those who have temporarily tasted a better life, only to have their aspirations dashed by recession, can seem particularly hard.

At Seven Kings, beyond the town of Ilford, the streets are lined with Victorian villas converted into double-glazed castles. Dozens are for sale.

Roy Ellis, a 30-year old toolmaker, wants £67,000 for his three-bedroomed home close to the station. A former council tenant, he has no regrets about buying but needs something cheaper to ease the family budget: "Buying a home was supposed to be a one-way bet. But loads of owners here have had to jack it in".

Ellis is not exaggerating. Mortgage arrears hearings at Ilford county court rose by more than 75 per cent in 1991, with about half the cases resulting in repossession.

With nearly 10,000 jobless people on the Ilford register, local job centres recently had just 64 vacancies. Winston Simms, an unemployed roofer from Hornchurch, is looking for some sort of building work. "I did well for a bit but I'm right back where I was seven years ago. Isn't everyone?."

In spite of the repossessions and the credit card debts, the answer for most Essex men and women appears to be "no". Working people here have invariably asserted themselves and live their lives the way they want.

There may be anger, a feeling of betrayal borne out of a return to relative hardship but for most there remains more a sense of delayed advancement which they expect to resume.

The optimism is by no means shared universally in Britain and deep pessimism persists in areas which have lost their past and not found a future.

For most Britons, of the 1980s were materially good. Real household incomes rose by more than a quarter; many people surprised themselves and bought homes, shares and even time-shares abroad.

They became sceptical of the government's ability to intervene and prevent industrial decline; coal mines and steel works were shut down, eliciting human sympathy but invoking a new realism about the value of state-sponsored rescues. One million more became self-employed, though not always because they wanted to. The economic shake-out forced the jobless to become directly dependent upon it. And although people may yet accept the principle of more choice in the public sector, they still turn to the state for education, health and public transport.

By the end of the 1980s, deep reservations also persisted about the legitimate parameters of private enterprise. In the end, higher bills and higher boardroom salaries helped give privatisation a rather shady reputation.

The "divided nation" of north against south is not a cliché, though this recession has temporarily inverted the old order, with the south faring worst.

The most notable division, however, is not purely geographical but also economic. Since 1979 the top half of the population raised its income by four times, the poorer half by only one quarter. The solidarity which bound together those in and out of work in areas of deprivation has also suffered.

Surveys invariably show Britain as a contended nation but it has the second highest divorce rate in Europe, one quarter of all households comprise a single person, and births outside wedlock have more than doubled in 10 years. The family, another political pedestal of the 1980s, is being redefined.

"Large numbers of people have no-one close to them to talk to, but they now appear more prepared to seek out someone who may help", says Philip Hills, branch director of the Samaritans in Colchester, trying to explain some of the 50 per cent increase in cases on his books.

Hills adds: "Many have done very well for themselves and their families in recent years. But human hopes and problems remain basically the same".

In the 1987 election, with Thatcherism at its height, Labour made a play for the nation's social conscience. The campaign focused on lower taxes for some or better public provision for all. The Tories claimed they could do both.

Five years ago, Labour resoundingly lost the debate and the vote. This time it is trying the same tack again, appealing to the voters' to follow it on to the higher, more expensive moral ground.

Its real challenge is to convince the voters that, like them, it no longer has hang-ups about wealth-creation and prosperity and that it can deliver, in a constructive partnership between state and private enterprise, a better future.

Mr John Major, who must strive to sharpen the contrast in political messages when most of the differences seem slight, must demonstrate that unpopular elements of his political bequest have been exorcised.

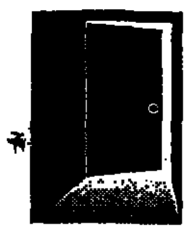
His task is to promote a kinder Toryism, capable of looking after those knocked off the ladder of opportunity but primarily intent upon promoting individual rights, choices and personal ownership.

If the opinion polls are to be believed, people from the Isle of Skye to the Isle of Sheppey remain divided on which party to follow.

MANAGEMENT

Lucy Kellaway pays a visit to the chairman of Cable & Wireless and finds a good deal of image and rather less substance in the sleek modern interior

When we were very Young



MY OFFICE

Image has always meant a lot to Lord Young. When he was running the Department of Trade and Industry, everything had to be British. In his study at home, where *old-fashioned* family values are foremost, the theme is traditional. As the chairman of Cable & Wireless, the most important thing is that the look should be modern.

"This is the office of someone who is looking forward," he says, in case the symbolism had not got through. "A regency-style office means you are looking backward."

The main statement of modernity is a desk and matching coffee table with a top made of limed oak and legs of oddly contrasting Perspex. The angular black leather *sofa* and chairs, Venetian blinds and cool grey walls complete the picture.

As you would expect from a skilful marketing man, Lord Young has got the tone right: the room is comfortable and light. Even if it is not quite "utilitarian", as he suggests, it is certainly not ostentatious.

Like the man *himself, the office is* slick; also like him it is strangely lacking in presence. There is no clue either from his surrounding or from his commentary as to how he has risen to the top in both business and politics.

The only personal touch – and one which points to a sentimental *streak somewhere – is* to be found on his computer screen. There Lord Young, who is a keen photographer, has input a photograph of his granddaughter as a *background to the* electronic menu.

Scattered around the room are signs of his previous incarnation. One wall is covered by political cartoons – showing him doing heroic things like cutting through red tape – which he says remind him "of a misspent decade". The joke has the flat sound of one that has been often repeated.

Another trophy is a cheap metal plaque celebrating the "Plain English Award" won by a booklet called "Action for Jobs", which he wrote when he was at the Department of Employment.

A red *ministerial box sits on a* Perspex side table; inside there are no secret papers (these are in a mighty locked cabinet by the door) but a large collection of tangled *plugs and wires. These allow Lord* Young, who is a more than competent typist, to connect his laptop computer to the telephone system anywhere in the world.

On the whole, he seems happy to be back in the comfort of the private sector, and looks supremely relaxed in his dapper navy suit. He is nowhere near so busy as before. His new "leisurely" life as executive chairman involves working from 9 am to 7 pm in the office and taking papers *home with him.*

He is a great one for lunch and dinner dates, and there are few free slots in his diary for either meal this *side of June.* He is *usually to be* found in private dining rooms at the office or at the Savoy Grill "getting a rapport with people, or cementing a relationship".

In his old Cabinet days he had a private staff of 12 people who made sure "that I did not waste a second". Now he gets by with just one secretary, who he says has worked with him for 17 years.

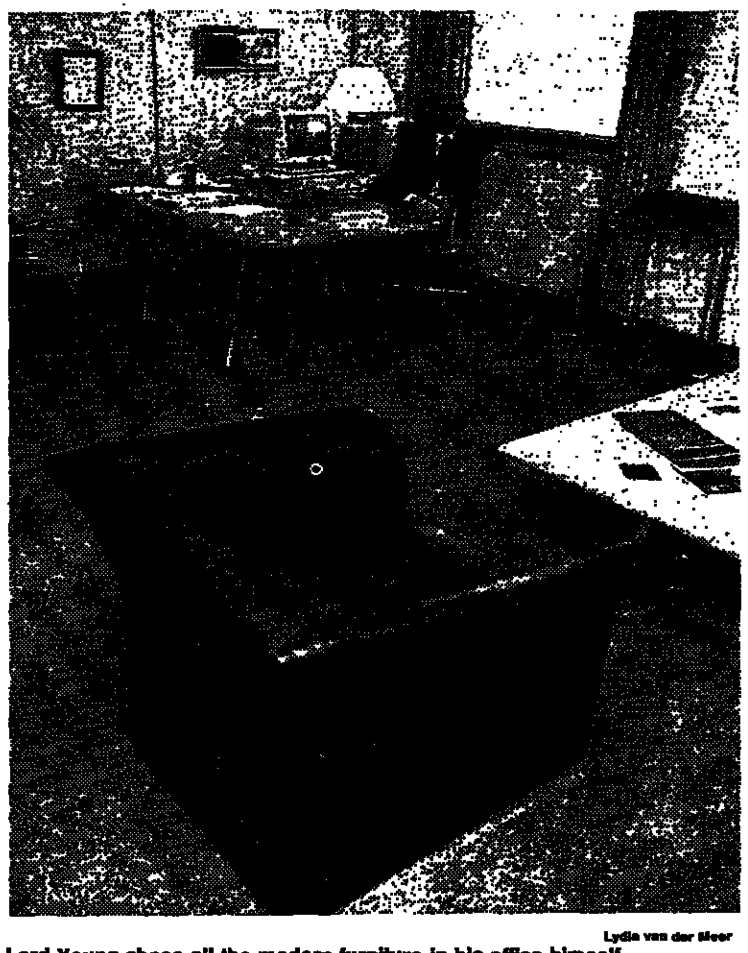
Her version is slightly different. Margaret, who sits in a smaller more *cluttered room next door, briskly* states it is only 16 years that she has worked for him. "He always gets it wrong," she says with the sort of dismissive tolerance that makes it *clear who is boss. Margaret* – like another Margaret in his past – is a capable looking middle-aged aged woman with highlighted hair, who evidently has considerable sway.

Indeed, the rapport is so good, that he never dictates letters. "She writes all my letters," he says. "If I wrote them, she'd only re-write them for me."

Lord Young – like most managers these days – insists that his door is always open to any of the other *directors who share the sixth floor of* the post-modern Mercury house. "There are no locks on these doors," he says. Instead there are circular peepholes so that anyone can peer through and see what he is up to.

Back in the private sector, Lord Young no longer scans the papers so carefully. "I used to read them all to see if I was being hit over the head. If I'm being honest – which is a terrible habit – my skin got thinner over the years."

Another difference between this job and his old one, he says, is that these days he is "more accountable for decisions". Shareholders in Cable *and Wireless might be pleased he is* taking such a keen interest in the bottom line; the taxpayer might regret he did not feel a little more accountable as a politician.



Lydia van der Meer

Lord Young chose all the modern furniture in his office himself

New guide to picking top brains

What do you do when the managing director *asks you* to look into some new business sector or to solve a management problem? Many people would reply: "The first thing I'd do would be to try to find a person who knew something about it".

Even with the growth of databases, many people prefer the personal approach. But they may still be overlooking the many academics who *study industries* and *business* subjects, and who have committed their findings to print.

The problem of tackling this source of expertise has now been eased by the recent publication of a directory of research papers published by academics at most British management schools and business colleges.

Called Brains,* it lists *thousands of academic* papers published in 1989 and 1990. It starts with an index under broad categories such as *"decision-making" or* "retailing". These are then broken down into hundreds of sub-headings (examples: Deadlines: effect of; or Newcastle Metro Centre: consumer survey) with references to the individual research papers.

These are listed under the names of the colleges or business schools where the author teaches, and grouped in geographical areas of the UK. This is so that people consulting the papers can not only obtain them easily but may even be *able to meet the* writer: each institution's telephone number is listed.

Diana Griffiths, the *publisher*, points out that in addition to "refereed" papers, approved as genuinely original by two senior academics, *Brains contains details of* many "non-refereed" papers, which include articles from less overtly intellectual *journals such as Management* Today. These papers are often hard to find though academic databases.

James Buxton

**Available from Kilmartin Publishing, 159 Granton Road, Edinburgh EH5 3NL. £150*

Making it a game of skill, not of luck

The training ball is in the government's court. **Tony Blair** calls for a national policy

If there is to be a skills revolution in Britain, we need a national training policy, not a series of initiatives that come and go with each political whim.

The possibility is there. Both sides of industry are united on what is required. It is now up to the government to define that consensus and give effect to it.

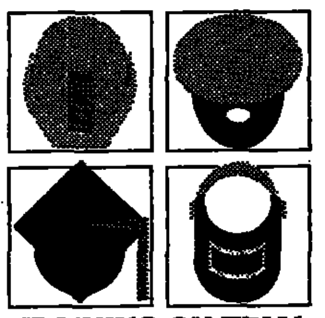
The worst thing a Labour government could do would be to scrap everything that has been achieved and start again. Labour will retain Training and Enterprise Councils (Tecs), but will make them more broadly representative of their local communities. They should include senior personnel from *local* government and trade unions. This is not tokenism. Unless local industry works with local employees, *local* education providers and other public sector bodies, Tecs cannot succeed.

My main difference with *the* government *is that I believe* Tecs need to operate within a clear national framework. This is not inconsistent with the maximum flexibility in the delivery of training services.

The national policy framework would include the setting up of a national training body – *Skills UK* – to help deliver the policy effectively. It will involve government, employers, unions and others with an interest in training.

Its work would include setting national targets for the upgrading of skills, which *would be binding* on government as well as industry. Labour would give a much higher priority to the development of the system of national vocational qualifications (NVQs). The Council for NVQs is doing its best, yet my *impression is that NVQs* are still not nearly visible enough, many employers are confused about their scope and impact, and there are genuine problems in their assessment and validity. There should be provision made for the training of those with special training needs who have suffered in the cuts from government support in the last two years.

Labour would conduct an *urgent review of how to balance* concern that the large sums of public money spent by Tecs are properly accounted *for; and investigate the frustration* felt by many Tecs at what they see as over-regulation from central government. Sim*plifying procedures can make* them more efficient. We will consider sympathetically the call by Tecs for three-year *funding. These and matters* such as the exchange and dissemination of ideas and good practice among Tecs and the *strengthening of sectoral bodies* in industry, are the role of national training policy.



TRAINING ON TRIAL

We also do not believe a vol*untary approach to training* will work. We favour legislation in two specific areas. Around 100,000 young people, possibly many more, leave school every year and go into work without any structured training. Five or six years later, they are in their 20s, *unskilled and without a serious* career to contemplate.

Tens of thousands more receive training only of the *most basic kind. This is a* waste of talent that neither the individuals nor the country can afford. Labour has pro*posed legislation to prevent* employers employing school-leavers without a proper training contract.

Secondly, we believe all employers should make some minimum investment in training their staff or make a pay*ment to the local or national* training effort. No one wants to return to the old Industry Training Board grant-levy system, though such a system was *perhaps better than nothing.* The problem has always been to ensure that employers train, without bureaucracy outweigh*ing the benefits.*

Labour's proposal is to establish a common standard definition of training expenditure. *Companies would disclose* training expenditure in their accounts. Those spending above a minimum level would pay *nothing. Those spending* below it would pay the shortfall to their local Tec or national body. A similar sys*tem has operated* in France for more than 20 years with considerable success. Some years ago, we set the minimum contribution at 0.5 per cent of payroll. This is probably too low, and should there be strong support in industry for a higher target, we would respond favourably.

In no sense is the minimum contribution a penalty. It simply sets a minimum responsibility and gives the company an option as how to fulfil it. Although very small compa*nies would be exempt, there* may be others which would prefer to make a payment to the Tec, which would be used *to provide training services for* that company and others within the Tec area.

There would also be help for *training* those in work in our new fund, "Skills for the 90s", set out at the time of the last budget. This was aimed at two areas: skill shortages and giving employed people the chance to acquire basic skills. The fund would operate flexibly with Tecs and others bidding for different programmes that would have different types of funding attached to them.

The author is Labour's employment spokesman.

TECHNOLOGY

Samsung in deal with HP

Samsung Electronics, the South Korean company which rivals the leading Japanese makers in memory chip technology, will later this *year launch a series of low-cost* computers based on chip designs pioneered by Hewlett Packard.

The *new* Samsung machines will be the result of a series of far-reaching agreements signed between the two companies, according to Yong Moon Jung, president of Samsung's telecommunications division.

The agreements will give Samsung access to HP's "precision architecture" designs, a form of reduced instruction set computing (Risc) technology. Risc technology, invented by International Business Machines, is becoming increasingly popular for high-performance personal computers and network servers.

Samsung will sell the new machines under its own name, but will also sell versions of the processor to third parties.

The two companies have already collaborated to develop a single-chip version of precision architecture: IBM, Apple and Motorola in the US have announced a similar programme to produce a single-chip version of IBM's own Risc chip set.

Although HP retains ownership of the technology, Samsung claims *to have done most* of the work on the new chip and will make it in its South Korean semiconductor plants *for itself, HP and* for third parties. It will be the first time a Far Eastern manufacturer has been able to produce high-specification microprocessor chips for the mass market.

The deal gives HP extra volume and market leverage to counter competition from the US makers IBM, Sun Microsystems and Mips, all of which are currently vying to set the standard for Risc in the 1990s.

Samsung already *produces* all the main components of PCs except the central processing unit. Processing units for *high-performance* IBM-like PCs are available only from Intel and AMD of the US.

John Lettice

The author is editor-in-chief of Microscope.

Raymond Snoddy asks if HDTV programmes have any future in Europe's broadcasting industry

An uphill struggle

Jacques Barsac is almost in love with high-definition television. He is not an engineer drooling over the number of lines in the new high-technology pictures nor a Eurocrat trying to devise an industrial strategy designed to keep the Japanese and the Americans at bay. Barsac is a French television director who has been making programmes in high-definition for the past three years.

"I don't want to work in conventional television. High definition is a kind of paradise. I don't want to come back to earth and be put into the jail of the little box," he says.

The paradise he is talking about is framed by wide screen, 16-by-9 ratio TV pictures with four times the present resolution, and the jail is the normal 4-by-3 box-like shape of existing TV sets.

Barsac is part of a 350-strong multinational team which has been broadcasting HDTV pictures from the recent Winter Olympics in Albertville, France. It is the most extensive – and expensive – demonstration so far of the European high-definition system based on 1,250 lines and 50 Hertz using the HD-Mac standard.

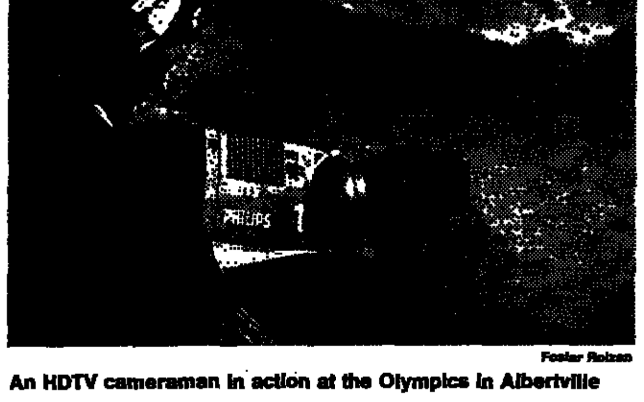
Manufacturers Thomson and BTS, the Phillips-Bosch joint venture, delivered a 13-hour-a-day service to 50 sites around Europe using four satellites. The pictures and compact disc-*quality sound* produced were spectacular by conventional television standards.

Outside broadcasting equipment worth around \$90m (£51m) was brought together and a total of 35 high-definition cameras, including the latest solid-state lightweight versions, were trained on everything from the men's downhill event to ice hockey matches.

The French government, France Telecom and the European Commission combined to pay for the two-week Olympic channel which cost approximately £8m-£9m.

The technology worked almost like a conventional outside broadcast. The real chal*lenge for* the Olympic producers and cameramen was to learn a new grammar. Because there is so much more to see in the picture everyone had to exercise restraint and realise that there is less need for close-ups or cutting rapidly from one shot to the next. "The brain makes the close-ups," commented Barsac.

Chris Dingley, a senior cameraman from the Thames Television team at Albertville working under French directors, said he has been converted to HDTV.



Foster Robson

An HDTV cameraman in action at the Olympics in Albertville

He is working on The Return of Columbus, the official European Commission high-definition film being made by Thames Television for the Seville Expo in April.

Walther Fitz, a senior broadcasting engineer from ORF, the Austrian broadcasting organisation, is equally enthusiastic. He was involved in the coverage of the women's downhill event at Meribel and believes he was getting more comprehensive and compelling coverage of the event with six high-definition cameras than he would have done with 20 conventional cameras.

'We have demonstrated it works. Someone has to pick up the ball and run with it'

But as the high-definition images from the Olympic closing ceremony at Albertville faded at the weekend the real question is what happens next.

"We have *demonstrated that* it works. Someone has to pick up the ball and run with it," says Brian Scott, former head of engineering at Thames who is deputy director general of Vision 1250, the EC supported group set up to promote the high-definition system.

After the Seville Expo, where all the stands will be linked by a high-definition service running at least 12 to 14 hours a day, Vision 1250 plans to move on to the summer Olympics in Barcelona and distribute the pictures to 800 centres around Europe.

Despite the undoubted technical achievement, and the increasing enthusiasm of producers for making programmes in the high-definition format, a large number of difficult questions still need to be addressed.

Who will start broadcasting a high-definition channel in Europe and what will it show? Will consumers be willing to pay £3,000, at least at the outset, for bulky new television sets or will the future have to *wait until large but flat* screens are developed?

And perhaps most fundamental of all, have the Europeans struggled to catch the Japanese lead in high-definition only to be bypassed by the Americans? The US high-definition system is fully digital whereas both the current Japanese and European systems combine the old analogue with digital technology.

EC money is clearly available to back European moves towards wide-screen television using existing D2-Mac broadcasts.

Jean Dondelinger, EC commissioner responsible for audiovisual policy, recently described wide-screen television as "an essential part of the evolution towards HDTV". Sums of between Ecu 800m (£567m) and Ecu 1bn are being talked about over five years to support such a venture.

An "almost final" package on a satellite broadcasting standards directive includes an insistence that only HD-Mac be used for non-digital HDTV transmissions and that only D2-Mac be used for non-digital broadcasts for conventional 625-line television in the wide screen 16:9 format.

Next month Ferguson, the *UK Thomson subsidiary, will* launch Britain's first wide-screen television which can receive a range of standards *including D2-Mac. It will retail* at £3,500.

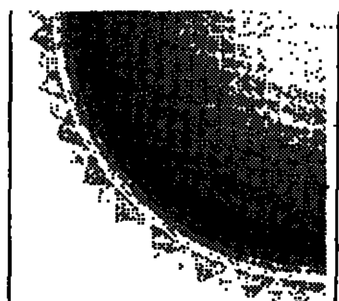
British Sky Broadcasting is considering launching a wide-*screen version of one of its* subscription film channels. This would involve a duplicate transmission of the channel in D2-Mac.

The decision on whether or not to go ahead will depend on financial support from the commission and a judgment on whether, say, 10 per cent of Sky's 1m movie subscribers would be prepared to pay a premium to see the films in the cinema-style format in which they were made.

In the US the perspective is different. Joe Flaherty, senior vice president for technology at CBS, the US network, warned that Europe should not waste time in planning transitions to the new technology but instead adopt an all-digital HDTV satellite and cable transmission system immediately.

Many European engineers are, however, sceptical about how quickly the American system can be turned into a real consumer product.

Fitz of ORF, which *last* year produced Mozart's Magic Flute and Requiem in HDTV, hopes that he can complete a hat *trick by helping to introduce* the new system before he retires in three years time. He was involved in the launching of both black and white and colour television broadcasts in Austria.



WORTH WATCHING
by Della Bradshaw

DIY computer architecture

MANY large corporate computer users have decided the time is right to determine the architecture of their systems themselves, rather than allow computer vendors to decide it for them. But how do you go about defining the architecture that best suits the business?

In its recent report Managing Technical Architecture the Butler Cox Foundation, a service provided by the CSC Index Group, says that defining an architecture requires a staged approach.

To begin with the company should establish the corporate-level policies that govern the organisation's IT, then it should identify categories of users and support, and specify the IT platform requirements for each class of support.

Once the most appropriate scenario is tested, a migration plan should be developed *and the architecture continu*ally reviewed in the light of business and technology changes.

The most difficult task, according to Butler Cox, is to work out the right relationship between the architecture *and the business's needs.*

Brainwaves speak out

IT may sound like something out of a science fiction film, but researchers in Australia are developing ways of using the latest neural network computer technology to analyse brainwaves in such a way that people who are unable to talk or move can still communicate.

Richard Clark, a lecturer *in psychology at Flinders Uni*versity, in Adelaide, is using the artificial intelligence technique to interpret the electrical activity *in the brain* to give simple answers, such as "yes" or "no".

Although it is relatively easy to measure electrical activity in the brain, each person's brain waves are as individual as fingerprints. Neural networks, however, learn the *various brainwave patterns* for each person, so they can teach themselves to recognise the responses.

*Patients wearing the spe*cially devised electro-cap, containing devices to measure brainwaves, are trained to think simple answers in response to a series of questions. Having conquered a basic vocabulary, Clark is now aiming to expand the lexicon.

Traffic cops on the digital beat

THE digital networks that will distribute voice, data and video services into homes *of the future will* need very fast chips to act like the silicon equivalent of a traffic policeman, allowing connec*tion to several selected* services, writes Paul Taylor.

IBM researchers, at Yorktown Heights, New York, have *developed such an ultra-fast* switch chip that can handle data at the rate of 5bn bits per second – more than double any previously reported rate – in each of 16 channels simultaneously. This gives the chip an overall data rate of 80bn bits per second – equivalent to transferring the text from more that 18,000 average-sized novels in one second.

Other potential applications for the chip include acting as a central high-speed data traffic controller in a multi-*processor network system.*

IBM researchers built the experimental chip around a unique three-device cell – comprising two transistors and one resistor – which allows cells to be packed much closer together. As a result the new chip offers higher speed and lower-power consumption than today's chips which use cells with five transistors each.

Just the ticket for meter maids

AN ELECTRONIC meter maid system, developed in South Africa, could soon find its way on to streets around the world, alerting traffic wardens to motorists who overstay their alloted welcome.

Developed by Telkor, of Johannesburg, each electronic meter monitors parking in up to four carefully labelled parking bays. When the motorist inserts the money into the appropriate slot, an electronic display shows the time allotted. When that time expires the meter begins to flash, telling passing traffic wardens that they need to write a ticket.

Alternatively, a loop in the road, which monitors parking in the four bays, can be used to send the information to a central computer, so that a traffic warden can be despatched to catch the culprit.

Perfecting one's business English

THE business executive who wants to perfect his or her understanding of English could take advantage of a training package developed in Sheffield by System Applied Technology.

The Desktop English package is based around a word processor, but addresses each of the four skills needed – reading, writing, listening and speaking.

The software is divided into *three sections: business* English, which can be tailored to specific industries; social English; and general English. *The interactive package* caters for students of all levels, using an in-built library of authentic resource material, such as newspaper articles, memos, minutes of meetings, reports, train timetables and more.

Commuter train becomes TV star

JAPANESE commuter trains are infamous for their overcrowding. Even though "salary men" on Tokyo's Yaman*ote line may be too squashed* to read their newspapers, they are now able to watch television.

JR *East Japan has installed* 24 liquid crystal display television sets, each with 8.6in screens, above the windows on the walls of its carriages. More than 1,000 carriages on the line have been fitted with the Sharp mini-screens.

Contacts: CSC Index: UK, 071 405 4295. Flinders University: Australia, 8 201 3911. IBM: US, 914 945 3884; UK, 0705 321212. Telkor: South Africa, 11 444 6000; UK, 0242 251 736. System Applied Technology: UK, 0742 768682. Sharp: Japan, 08 821 1221.

THE PROPERTY MARKET

A moving story for big business

By Vanessa Houlder

The blandishments of business park developers are at their most seductive on wet, grimy days in London, when the trains are delayed and escalators on the London Underground are out of action.

"When you look at our cities today, isn't it sensible to be on the outside looking in, rather than on the inside struggling to get out?" says Arlington, one of the largest business park developers in Britain and a subsidiary of British Aerospace.

Glossy brochures depict well-groomed executives enjoying a sunlit world of landscaped offices, "trim trails" and recreation centres, free from the hassles of conurbations.

With some 10m square feet of business park space let throughout the UK each year, the message has clearly made its mark. However, the theory is often better than the practice.

Debenham Tewson Research, a property adviser which has examined the joys and woes of business park tenants, found that many missed the shopping, leisure facilities and access to public transport to be found in cities.

Even Stockley Park near Heathrow, probably the best business park in the UK, inspires mixed feelings. Its tenants wax lyrical about the park's proximity to Heathrow, a mere 10 minutes away, and the peacefulness and architectural splendour of the landscaped white pavilions in which they work.

However, the park has only a handful of shops. And driving to the high streets of nearby Uxbridge or West Drayton is time-consuming and fraught with parking difficulties. "It makes it very difficult if you are trying to run a home as well as work," says an employee of BP Exploration which moved to Stockley last summer.

Many business parks are relatively isolated and lack access to good public transport. Tenants are therefore dependent on cars; this can be tiresome as it commits people to using the surrounding network of motorways. Visitors to isolated parks also encounter transport problems. They are frequently stranded at the local railway station. Bus services are slow and it is often difficult to catch a taxi. Visitors arriving at Heathrow airport find it difficult to persuade taxi drivers to give up their place in the lengthy taxi queue for a mere 10-minute journey to the park.

The bulk of companies intending to relocate want to stay within the south-east

The environmental credentials of business parks are often exaggerated, say critics. Business parks promote car use, are situated in pleasant countryside and undermine the vitality of cities. The extra congestion caused by business parks, particularly in the south-east, is prompting some planning authorities consider restrictions on the parking provisions of the parks.

The switch away from "the great car society", the tightening of planning rules and tenants' dissatisfaction with their relative isolation may change the nature of business parks. A couple of urban parks that can plug into a town's public transport system have been proposed. And developers are talking about "fourth generation parks" large enough to attract the ancillary amenities needed to satisfy former city-based office workers.

The case against the present generation of business parks is one point that emerges from a relocation survey carried out by the London Chamber of Commerce and Industry for Markheath, a property developer. Most companies that wished to relocate preferred town centres to out-of-town office parks, primarily because of the availability of public transport.

Access to public transport was regarded as very important by 72 per cent of respondents and only 2 per cent felt it was unimportant. Some 75 per cent of respondents thought that an out-of-town office park location was not important. "The need to be on the public transport network and close to shopping and leisure facilities would seem to be more important to firms than an efficient and isolated business environment," said the report.

But even if business parks appeal to a minority of companies, they take a share of a very large market. The London Chamber of Commerce survey found that 15 per cent of the capital's 1,000 largest companies were planning to move out of central London within the next three years. The average relocation involved about 200 employees, the report stated, meaning a potential loss of some 29,000 jobs in London mostly within the next 18 months.

About two-thirds of the 145 companies intending to relocate want to stay within the south-east and nearly half of them want to move within the M25 area. The south-east is preferred because of its pool of skilled labour, easy access to the region, and the presence of other related businesses.

The most common reason for relocating was the inadequacy of companies' existing premises. The need to rationalise their operations and bring staff together from scattered buildings vied with the need to cut overheads – such as rents and rates – as the next most common reason for relocation.

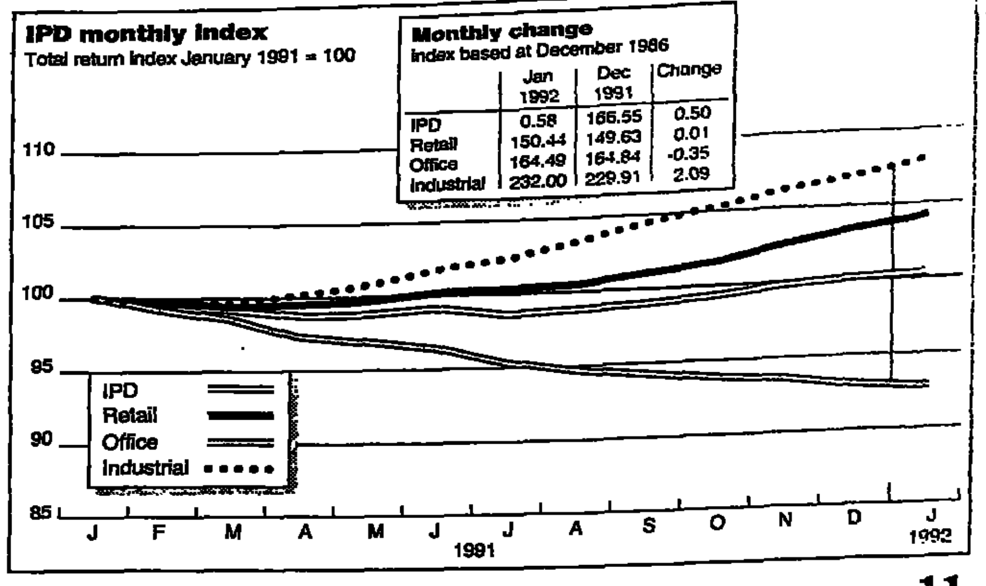
Only four companies cited the level of wages in London as a factor in deciding to relocate. One telecommunications company said the rent it was paying on premises in the City to accommodate 25 people was almost as much as the amount paid for an outer London site housing 300 staff.

The relative unimportance of high London wages as a factor in relocating was surprising, the survey stated. In fact, the impact of a London weighting of £3,000 was equivalent to a cost difference of between £15 and £20 per sq ft of office space.

Dissatisfaction with London – mainly its inefficient transport system, overcrowding and, curiously, poor staff morale – was also cited as a reason to move away.

Most of the relocations revealed by the survey were conceived at the height of the property price boom in the late 1980s. Since then recession and the fall in property prices have blunted the drive to move out of London, the report states.

Copies of the report Moving Out are available for £10 from Markheath, Markheath House, 31 St George Street, London W1R 9SA.



Monthly change
index based at December 1986

	Jan 1992	Dec 1991	Change
IPD	0.58	166.55	0.50
Retail	150.44	149.63	0.01
Office	164.49	164.84	-0.35
Industrial	232.00	229.91	2.09

Slight upturn augers well

The first set of monthly figures produced in 1992 by Investment Property Databank, a property research group, shows signs of a slight improvement, following a shaky end to last year.

The total return for January was 0.3 per cent, which resulted in a year-on-year total return of 0.4 per cent. This was the first positive year-on-year return since July 1990 and an increase of 1.2 per cent on the previous month.

The year-on-year figure for capital value growth also increased, from -7.9 per cent in December to -6.9 per cent.

The decline in rental value for the year to January was 4.2 per cent, a less pronounced drop than in previous months.

A comparison between the sectors showed that industrial property mustered the highest return in January, 0.9 per cent, followed by retails with 0.5 per cent and offices at -0.2 per cent.

Retail property made a poor showing in January with a fall in both rental and capital growth to -0.1 per cent and a fall in total returns to 0.5 per cent. Yields moved outwards by 0.11 percentage points to 8.8 per cent.

In January, the office sector registered a -0.9 per cent fall in capital values and a total return of -0.2 per cent. Yields moved out to "within a whisker" of 10 per cent.

The industrial sector made a total return of 0.9 per cent for January, giving a total return for the year to January of 8.0 per cent.

INTERNATIONAL PROPERTY

CONTRACTS & TENDERS

Reliance Petrochemicals Ltd.

HAZIRA

TENDER NOTICE

for supply of GAS TURBINE GENERATORS
REF. NO. RPL/SCG/1002

Reliance Petrochemicals Limited desire to purchase 2 Nos. Gas Turvine Generator Sets along with their auxiliaries, for their Expansion Project at Hazira, near Surat, in the State of Gujarat.

The salient features of the GTG are given below:

a) Maximum continuous rating at Base Load:	:	18 MW to 27 MW at 40 Deg. Amb. and RL 10 M above MSL.
b) Genrator Voltage	:	11 KV - Air Cooled
c) Fuel for GTG	:	Natural Gas & HSD
d) Brief Scope of Supply	:	Gas Turbine Generator, Stack with Damper, Gas Turbine Control Panel, Generator Control Protection and Relay Panel.
e) Exclusions	:	Civil works, all Electrical works except Generator, Control Panels and Special Cables.

The GTG sets will be operated in Simple Cycle mode in the First Phase of the Project, but RPL is contemplating retrofitting of Heat Recovery Steam Generators down-stream of each Gas Turbine.

Fuel and Utilities required would be made available at a distance of 2 M from the skid. Power will be evacuated by the Purchaser with cables from the terminal points on the skid.

Bidders should quote lumpsum prices for the above Scope with a break-up for (a) Gas Turbine, (b) Generator and (c) Services, seperately.

Prospective bidders are requested to quote their most competitive prices, along with scope of supply, services and fastest delivery possible, before March 27, 1992. Readily available in good condition, supply will be considered also.

The Vice-President
(Project and Procurement)
M/s. Reliance Petrochemicals Limited
4A, Shanti Nagar Industrial Estate
Vakola, Santa Cruz (East) Bombay - 400 055.
Telex: 011-78091 RIL IN Fax: 022-6116731

COMPANY NOTICES

CONTINENTAL (BERMUDA) LIMITED
US$250,000,000 Floating Rate Notes due 2006 Guaranteed by Hungarian Foreign Trade Bank Ltd

Notice is hereby given that for the Interest Period 28th February, 1992 to 29th May, 1992, a period of 91 days, the Rate of Interest will be 5.25 per cent per annum. The Interest Amount payable on the Interest Payment Date 29th May, 1992 will be US$3,317.71 for each Note of US$250,000.

Agent Bank
Dean Witter Capital Markets International

CLAL FINANCE N.V.
US $20 MILLION GUARANTEED FLOATING RATE NOTES 1994

The interest rate applicable to the above Notes in respect of the interest period commencing 28th February 1992 will be 5½% per annum. The interest amounting to US $ 27.81 per US $1,000 principal amount and US $278.06 per US $10,000 principal amount of the Notes will be paid on 28th August 1992 against presentation of coupon No 10.

BANK LEUMI (UK) Plc
Principal Paying Agent
bank leumi בנק לאומי

LEGAL NOTICES

THE NUFFIELD PRESS LIMITED
(In Administration)
Notice of meeting in administration procedures

Notice is hereby given that a meeting of creditors is to be held at the The Morris Motors Atheletic and Social Club, 129 Cresent Road, Cowley, Oxford on Thursday 5th March 1992 at 10:00 am to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors.

J.A. Talbot, A.W. Brierley, M. Fishman, M.L.McKillop, Joint Administrators.

HEADINGTON PAPER LTD
(In Administration)
Notice of meeting in administration procedures

Notice is hereby given that a meeting of creditors is to be held at the The Morris Motors Atheletic and Social Club, 129 Cresent Road, Cowley, Oxford on Thursday 5th March 1992 at 2:30 pm to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors.

J.A. Talbot, A.W. Brierley, M. Fishman, M.L.McKillop, Joint Administrators

LEGAL NOTICE

BRITISH INTERNATIONAL HELICOPTERS LIMITED
NOTICE OF MEETING UNDER SECTION 23 (1) INSOLVENCY ACT 1986

Notice is hereby given that a Meeting of Creditors will be held at The Skean Dhu Hotel, Aberdeen Airport, Argyll Road, Dyce, Aberdeen on 9 March 1992 at 11.30am for the purpose of deciding whether to approve the Joint Administrators' proposals under Section 23 (1) of the Insolvency Act 1986 and to elect, if considered appropriate, a Committee of Creditors. A copy of the proposals will be forwarded prior to the meeting.

Creditors are entitled to attend the Meeting and vote, providing they have submitted their claim and their claim has been accepted in whole or in part, for the purpose of voting at the Meeting, in accordance with Rule 2.22 of the Insolvency Rules 1986 which states that a creditor is entitled to vote only if he has given to the Joint Administrators not later than 12 noon on the business day before the date of the meeting, details in writing of the debt which he claims to be due to him from the Company. Details of the debt must include any calculation for the purposes of Rules 2.24 to 2.27 (ie deduction of certain security interests). The resolutions will be passed if a majority in value of those voting, in person or by proxy, have voted in favour of them.

Proxies may be lodged at the Meeting or before the Meeting with us the Joint Administrators by sending them to us at our address given below.

Iain Thomas Watters
Joint Administrator
Arthur Andersen & Co
18 Charlotte Square
Edinburgh EH2 4DF
21 February 1992

No. 001249 of 1992
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF THE CRONITE GROUP PUBLIC LIMITED COMPANY
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 6th day of February 1992 presented to Her Majesty's High Court of Justice for confirmation of the reduction of (1) the share capital of the above-named Company by £2,139,391 and (2) the share premium account of the above-named Company by the sum of £802,679.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Mummery at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 9th day of March 1992.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share capital and of the share premium account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 26th day of February 1992
Edge & Ellison Calow Easton, 18/19 Southampton Place, London WC1A 2AJ
Telephone: 071-404 4701 Reference: PT/6681 Solicitors for the above-named Company

MAXWELL LEGAL SERVICES PLC

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2, at 1:00 pm on 4th March 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.

J.A. Talbot, A.W. Brierley, M. Fishman, M.L.McKillop, Joint Administrators

ART GALLERIES

Manon

COVENT GARDEN

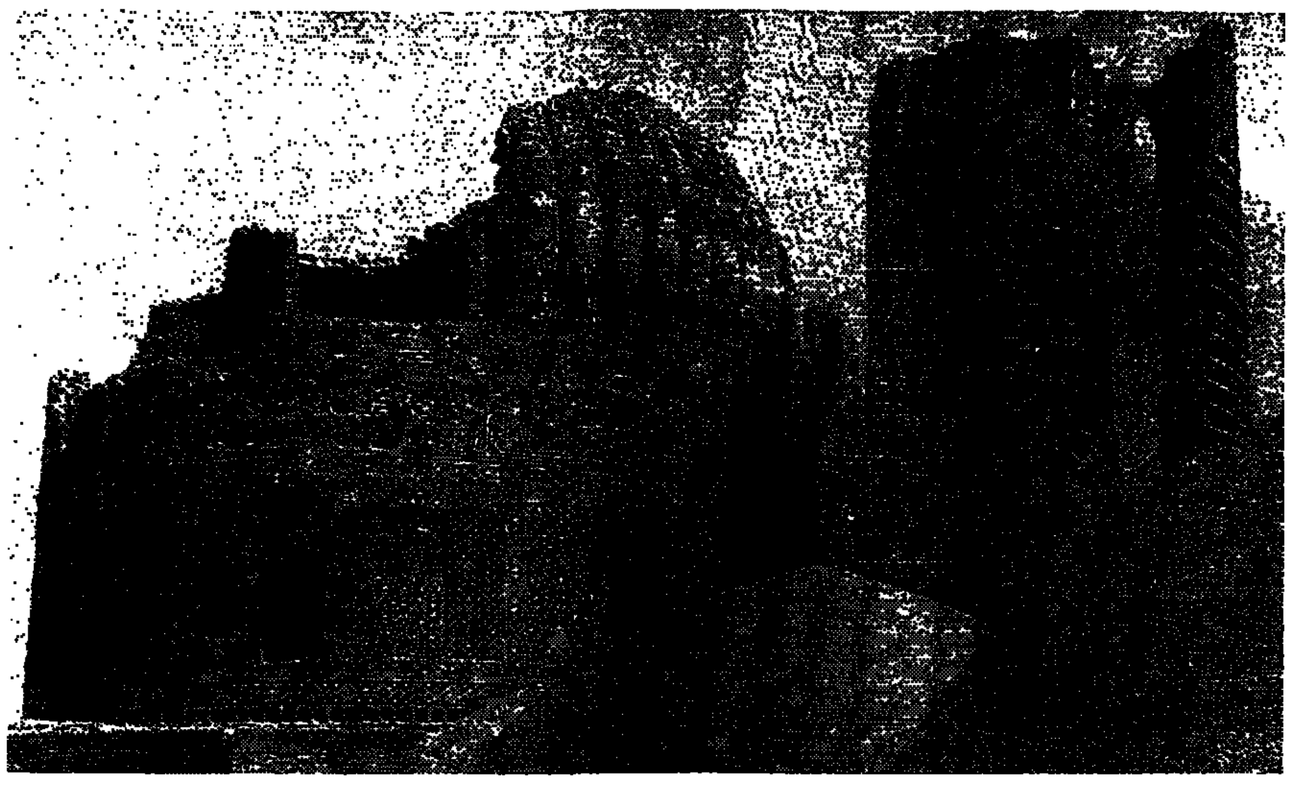
Manon is the role for which a ballerina might kill. The girl's sexual charm, her innocent viciousness and kittenish eagerness to have her worldly cake and eat it, and the luscious rewards of duets and solos, are as alluring for the dancer as the diamonds with which Monsieur G.M. buys Manon. But an underlying strength of the part in Kenneth MacMillan's realisation is that the character exists in closest physical and emotional rapport with des Grieux, with Lescaut, and with G.M. *Manon* is a show-piece for its men as for its heroine, and for the dramatic resource of an entire company, and it is a continuing assertion of the Royal Ballet's integrity as an ensemble that the drama should still – after 18 years and 121 performances – have such urgency in the theatre.

Memorable interpretations in the past have stressed the varied appetites – for money, for sensual gratification, for security – that unite Manon and her brother with the hapless des Grieux, and with G.M. So it proved again on Wednesday night when Viviana Durante and Irek Mukhemedov were the lovers, and Stephen Jefferies and Derek Rencher appeared as Lescaut and G.M. We saw, of course, a quartet of superb theatre artists, playing at their peak. Durante's Manon now has even greater sexual allure: the girl's awakening to the rewards her beauty will bring her is immediate, teasingly alert.

An added dimension has been given to this portrait by the rapport that has evolved during the past season in partnership between Durante and Mukhamedov. He is not only a wonderfully secure and sympathetic cavalier in the mechanics of double-work, but his dramatic intelligence gives savour to every least action. Their pas de deux throughout the evening were absolutely attuned; they dared everything in emotional and physical response, and we ecstatically believed. "All for love" is their cry, and the tensions between their passion and des Grieux' decency, the irresistible pull of Manon's temperament and beauty, fuelled a magnificent joint interpretation. Both artists also savour the choreography, delight in its nuances, and it is especially rewarding to watch Mukhamedov exploring dances made for the very different gifts of Anthony Dowell, and yet finding in them new power, and eloquence. Cast against type, Mukhamedov's vast talent proves that there need be no "type" in casting.

We might suppose that neither Stephen Jefferies nor Derek Rencher would now surprise us in roles which they wear with absolute assurance. But Jefferies' Lescaut seems darker, more calculating, and more than ever a motive force of the tale, and Rencher's portrayal of G.M. more suffused with lust. Grand interpretations, beautifully judged. From the company no less authoritative playing, with Fiona Chadwick most happily seen as Lescaut's mistress, enduring the hazards of the drunken pas de deux with determined grace, as if unflustered at the prospect of being dropped on her head.

Clement Crisp



"Out of the trees to the south rose a tall fluted dome, moonlit blue against the deep-toned verdure and the slaty frown of a storm on the Hindu Kush." That, of course, is Robert Byron describing Balkh (pictured above) in *The Road to Oxiana*, an account of his winter journey through Iran and Afghanistan in in 1933-34.

Rereading it after 20 years I cannot think that anyone has ever surpassed Byron at evoking monuments in their landscape setting. But Byron was also a photographer of talent: this weekend is the last chance to see some 80 fascinating photographs in *Along the Golden Road to Samarkand: Photographs of Monuments in the Middle East by A. W. Lawrence, T. E. Lawrence and Robert Byron*, at the Courtauld Institute (071-873-2526).

Of this trio, Byron's photographs alone have real distinction. T.E. Lawrence was a keen photographer, but his shots of Azraq in Jordan – his base in November 1917 for operations against the Damascus to Baisan railway – and the streets of Jidda, are pretty unremarkable. However, Lawrence fanatics may like to know that this set of photographs are the best examples that can be seen. They are printed from the original glass negatives given by A.W. Lawrence (younger brother, fellow-spy, and archaeologist) to the Conway Library at the Courtauld Institute.

The Byron photographs, however, are sensational, all the towers and mausolea and mosques he describes in his travel journal – and more. Some few of these places may look better than when Byron saw them, thanks to restorers. But many look infinitely worse, thanks to untalented restoration and, in Afghanistan, to Russian carpet-bombing. What has become of the remaining minarets of Herat? Byron's thousand or so photographs, which include Russian architecture in the 1930s, is nothing less than a publisher's goldmine, with or without the homosexual erotica which has apparently disappeared – into Professor Anthony Blunt's private collection.

P.M.

ENO revivals

LONDON COLISEUM

Two of the February revivals at English National Opera have, at some time or another, been connected with anniversaries. The highly-praised *Xerxes* was originally mounted in 1985 to mark 300 years since Handel's birth and now that has been joined by a revival of Rossini's *The Barber of Seville* for his bicentenary, which falls at the weekend.

Unfortunately the latter is not much of a birthday present, especially to a composer who was a leap-year baby and deserves all the attention he can get. Both operas were entrusted to producers of known intelligence, but it would seem that there was nothing in *The Barber of Seville* on which Jonathan Miller's rapacious intellectual appetite might feed. The cupboard of ideas was bare from the beginning and this revival offers only a few crumbs of interest.

Its main virtues are negative ones. The production has nothing new or controversial to say about Rossini in general, or this opera in particular, and it confines itself to the old routines. Most of the singers have most of the notes, but if there was ever any Italian brilliance of spirit in which the characters put them across, which seems unlikely, there is little of it left now.

Where any sense of enjoyment surfaces, it is usually connected with the Dr Bartolo of Andrew Shore. This singer is well practised at the Italian buffo roles and his easy assurance in comedy is allied to a welcome feeling for character, in this case making the usually unsympathetic Bartolo a bit of an old woman in an endearing way. The loving look that he gives Rosina at the end, when he knows he has lost her, is really quite touching.

Indeed, it is difficult to see any serious reason as to why she should pass him up for Peter Bronder's Count Almaviva, whom this production makes a singularly unattractive, pampered dandy. Eirian James is the pretty Rosina, dressed up in pink silk and red roses, the very bloom of innocence with not much hint of the thorns that should lie below the petals; Michael Lewis has the right brightness of manner for Figaro. But neither quite manages to raise the spirits. Richard Angas's unsubtle foghorn of a Don Basilio certainly does not. Jacek Kaspszyk conducts.

There is absolutely no comparison between that lacklustre show and the scintillating *Xerxes* which is now nearing its final performances this season. I caught the production on Monday, by which point two new singers and a new conductor had joined the cast, and can eagerly recommend the last couple of showings.

A carefully balanced team has in no way been upset by the newcomers. Louise Winter makes a fine Xerxes, who sings with a bright, firm mezzo, and treads neatly along the dividing line between haughty seriousness and absurdity with which this production so amuses itself; Yvonne Howard was a stirring Amastris, who rose confidently to her character's outpourings of revenge. Noel Davis was taking over as conductor and only occasionally lost his soloists.

Above all, this is an evening when the intelligent approach is fully vindicated, for Nicholas Hytner's staging is still all of a piece, stylish to look at, unfailingly clever in what it has to say and the way it says it. If only Rossini could have been as fortunate.

Richard Fairman

Philharmonia

ROYAL FESTIVAL HALL

Suddenly Poulenc is box-office. In the past few years, the posthumous Poulenc wave has become a considerable groundswell. Public persons keep emerging from the closet to confess to adoring his music. The excellent house for Charles Dutoit's concert with the Philharmonia on Wednesday (sponsored by NCR) was surely enhanced by the promise of Poulenc's piano concerto; Dutoit and the pianist Pascal Rogé are greatly admired musicians, but not automatic sell-outs – and the rest of the programme was only Jacques Ibert's once-popular *Escales*, post-Impressionist postcards, and Berlioz's evergreen *Symphonie fantastique*.

Just why Poulenc's music – shamelessly appealing, innocent of theoretical pretensions, more and more backward-looking as he went on (though almost always from an ironic distance) – should strike such a chord with us now is a topic for musical party-chat. He mined only a few special, expressive veins, though intensively. Much of his inspired best is in his songs, for which you need literate French to appreciate them at full value. (An odd fact is that he was the nearest thing ever to a natural FT composer, being a pampered scion of the "Rhône-Poulenc" Poulencs.)

The 1949 piano concerto is not among his best works, no more than the Sinfonietta that the BBC commissioned from him a bit earlier. The ageing composer had become self-conscious about his uncertain grip on "pure" musical forms, when he hadn't a text or a scenario to set his course; the Concerto and the Sinfonietta are studded with characteristic ideas, arranged in hopefully "symphonic" patterns. Rogé rightly went for character. He is a Poulenc-player with a fine, unsentimental command of the idiom – brisk, sparkily extrovert, lucid – and Dutoit matched him. When the surface is so well polished, the composed, wistful feeling speaks for itself.

In Dutoit's hands Ibert's fetching *Escales* went into Technicolor, with a determined thrust that sacrificed some of their throwaway charm. (How *simple* they sound now! – and yet there were hundreds of other composers who exploited the same post-Impressionist manner to utterly negligible effect.) With the Berlioz, one began to wonder whether Dutoit's famous adherence to strict style hasn't been compromised by his newly international career.

Most of the symphony was loudly dramatic, even hectoring. Suspenseful pianissimos, an essential Berlioz recourse, were all too rare. As always, Dutoit set every salient musical idea in high relief (and the first movement alone is chock-a-block with bolder ideas than any other music of its time, though we've grown accustomed to them now). Yet the soulful, extra-musical intimations that Berlioz meant them to capture remained stubbornly inaudible: we heard nothing much beyond the notes flung at us which for a *Symphonie fantastique* amounts to being short-changed.

David Murray

A couple of lustrous potters

Sutton Taylor makes lustred pots of unforgettable beauty. For years now I have only seen single examples of his pots and looked forward to a major show. The Oxford Gallery has now mounted a large exhibition of more than 30 recently-made pots by Taylor (until March 18: 0865-242731). A self-taught potter, Taylor was born in Yorkshire where he still works. He first became attracted to working in clay while teaching art in Jamaica. Once back in Yorkshire, he experimented with lustreware, digging the local red clay and making his own materials. Now in his forties, Taylor has a keen following and has seen his pots bought for public collections around the world.

Lustreware is a famously capricious technique. It involves firing pots three times, the last time creating a thick, sooty atmosphere in the kiln so that the glazes and lustre melt and fuse. If the heat is too intense, instead of settling into the surface of the vessel the metal salts vaporise and disappear. No two pots are ever the same, and botches are horribly frequent.

Alan Caiger-Smith, whose work is on permanent show at the Aldermaston Pottery (0734-713579), is the name which first comes to mind in connection with lustred ceramics. Another marvellous potter, it was Caiger-Smith's determination to ignore what was fashionable that eventually made lustreware respectable again among the *cognoscenti* after many decades of being regarded as "common" – on a par with liking coloured wineglasses.

A Taylor pot could never be confused with a Caiger-Smith, although both potters throw vessels of classically elegant shapes. However, Caiger-Smith's pots are always imbued with his sense of the past, in particular his scholarly appreciation of Islamic and Hispano-Moorish traditions of pottery. He paints pots with the linear flourishes of a calligrapher.

Taylor, on the other hand, is like an abstract painter. Often the design covers the whole surface. The palette is subtle and rich, gleaming with the metallic resonance which comes from glazes made from compounds of gold, silver, platinum, tantalum and copper. Stray patches of dull gold glint here and there, and as you tilt a bowl to marvel at its uncanny lightness, it shimmers. On the inside of one big bowl the colour shifts from deep rose to bright blue, an effect caused by copper reoxidising at a different rate over the curved surface. Yet even Taylor's brightest pieces are carefully controlled, never garish.

Taylor is a constant experimenter. In this exhibition for the first time he shows porcelain bowls. These, to my eye, are indistinguishable in appearance from the earthenware. However, in technological terms this is an important achievement. It had been considered impossible to lustre porcelain because the glaze requires a higher firing-point than pottery. Lustre, which can only be fired to 750 degrees, was therefore applied to porcelain pieces as a surface enamel. Taylor has managed to reduce the melting-point of glaze on porcelain. However, as one might expect of a canny Yorkshireman, he is not prepared to reveal the secret of how he does it.

The small porcelain bowls are red-purple, a favourite shade, with bands of silver on the feet. Among the more exuberant designs I was much taken by a little conical bowl blazing like a sunset with indigo and salmon, and by a delightful bottle, neat as a bullfinch in crimson, black and grey. Sometimes Taylor is clearly inspired by gardens: two plates almost seem to sway with shadowy leaves and grasses, muted in sage-green, greys, blue and lilac.

Patricia Morison

Little Village

HAMMERSMITH ODEON

It is all too tempting to pass off Little Village as the latest incarnation of the hapless phenomenon of the supergroup, as if memories of the Travelling Wilburys and our own dear Notting Hillbillies had not been sufficient warning in recent years, and the raggletaggle ghosts of Crosby, Stills and Nash weren't still going through the motions often enough (they threaten a London date in May) to haunt everyone's dreams. But a line-up of Ry Cooder, John Hiatt, Nick Lowe and Jim Keltner deserves some kind of superlative and the closest attention, not least because Little Village is the first band in which Cooder has been officially enlisted.

Though Keltner is arguably one of the finest drummers in rock, and Lowe's bass-playing is tight, propulsive and irrespressibly characterful, their London debut at Hammersmith was dominated by Hiatt's raw-boned, intensely wrought singing and Cooder's magical guitar work. As their eponymous debu album (on WEA) predicted, maybe it was all a little too cool and controlled. The new songs happily rummage through country and folk rock, soul, r and b, and good old Southern funk. They produce a mixture that does ample justice to Hiatt's delivery – he is not a singer to let an ounce of meaning or expressive weight go begging – and which at its most distinctive sounds like a tight, honest reincarnation of Little Feat, with whom Cooder played as a guest in the 1970s.

There were moments though when everyone seemed a little too well behaved, as if the material from the new album, varied as it is, became too constricting a format for such sparky performers; Keltner in particular seemed restrained, and the music-making rarely took wing. In the end it was the memories of Cooder that one took away – his ability to turn the most basio guitar solo into something richly strange, his powers to drive a piece of rhythm and blues as though the style had just been invented; the sheer imagination and instinctive verve of everything he does. That even surrounded by all that collective creativity, his version of his own old "Borderline" should have been the evening's highpoint, suggests that as a band Little Village have yet to find their personality, even though as a showcase for Cooder's incomparable talents they amply justify their existence.

Andrew Clements

Hobson's Choice

BIRMINGHAM REP

Hobson's Choice unites two men, each famous for one thing: Thomas Hobson for offering customers no choice of horse at his Cambridge stable in the 1620s; and Harold Brighouse (1882-1958) for writing this one play in 1915. Brighouse wrote 50 others, and eight novels, but *Hobson* is his gift to posterity. This blunt social comedy is treated dependably and wittily by The Birmingham Rep in a production which balances the finesse and the force of Brighouse's message.

The play teems with Brighouse's own family connections and with familiar Lancashire life. *Hobson*, set in Salford, tells the story of a tyrannical father whose daughters rebel and take his matrimonial injunctions to the letter. They marry and leave home, Hobson takes to the bottle, and his termagant daughter Maggie gives him "Hobson's choice" of terms for her return to save his failing health.

Hobson (played by Brian Rawlinson) begins as a champion of commonsense inveighing against the "gradual increase of uppishness" from his daughters. He delivers his prejudices tersely ("you're pretty, but you lie like a gas meter"), and agrees with his friends that "a woman's foolishness begins where a man's leaves off." His daughter Maggie, superbly acted by Janice McKenzie, is his opposite, the New Woman of the 1880s who proposes to her hapless quarry, Willy Mossop, with the words: "I've been watching you, and you'll do." Mossop (well judged by Tom Watt) grows in confidence alongside her independence.

The play amounts to a series of non-choices constructed by Maggie on the kind of negotiation that puts others in a position where they cannot harm you no matter how badly they behave. But there are tender moments: she keeps her original brass wedding ring to remind herself how far she has risen in the world; and on her wedding night, fetches her quaking husband from the parlour couch (in 1915, the Censor's blue pencil hovered over this scene).

The mid-Victorian ethos, all duty and self-help, belies the play's 1880 setting. But the Victorian middle-class concern for the inextricable issues of money, marriage and respectability persists in Brighouse and in Gwenda Hughes' solid direction. The design (Ruari Murchison) is, like Brighouse's prose, bold and straightforward. The acting elsewhere is brisk, if not always audible. Perhaps the time has come for a Brighouse revival, beginning with the 1909 *Dealing in Futures*.

Andrew St George

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

The news that Placido Domingo is to sing the title role in Parsifal at the Bayreuth Festival this summer has taken many people by surprise. Bayreuth has always preferred to put Wagner centre-stage, rather than pander to the cult of the star tenor – particularly tenors known primarily for their prowess in Italian repertoire. Singers' fees at Bayreuth are much lower than Salzburg, and the whole ethos of the festival discourages singers from jetting in and out. Indeed, most artists at the festival take up residence in Bayreuth for the summer, studying their roles intensively during a long rehearsal period, followed by four weeks of performances.

So Wolfgang Wagner's decision to invite Domingo to sing in the final two Parsifal performances (August 17 and 20) seems to go against the grain of festival policy. Up to now, the composer's 72-year old grandson hasn't needed to buy in stars – he is famed for discovering new talent, lifting unknown singers from the provinces and giving them international fame. His decision to invite Domingo will be interpreted by some as a sign that he is relying on publicity coups to keep Bayreuth in the limelight and make up for its loss of a consistent artistic identity under his direction. Others will say Wolfgang is handing over too much influence to James Levine, whose power at Bayreuth has grown in recent years and who has conducted many Domingo performances in New York.

But Domingo is no stranger to Wagner. He has sung Parsifal in three major houses – the Vienna State Opera, the Met and at La Scala, Milan. Next season he is scheduled to sing Siegmund in a new production of The Ring in Vienna. No doubt Bayreuth will hear the kind of thoroughly professional performance for which the Spanish tenor is known the world over. But it will be interesting to see if Bayreuth inspires him to something more than that – and to observe how well the festival absorbs the Domingo presence. The fact that Wolfgang's 1989 staging of Parsifal is old-fashioned and bland should make it relatively easy for Domingo to fit in.

The first three Parsifal performances (August 2, 5, 8) will be sung by Poul Elming, the Danish tenor who made such a strong impression as Siegmund at Bayreuth in the past two summers, and whose performance should in no way be overshadowed by his older and better known colleague. The festival runs from July 25 to August 28, and includes a revival of Tannhäuser conducted by Donald Runnicles. Anyone who didn't order their festival tickets by last November will find it hard to get hold of them now (PO Box 100262, D-8580 Bayreuth. Telephone information on 0921-20221 Mon to Fri 11.00-12.00).

EXHIBITIONS GUIDE

BASLE

Kunsthalle Clyfford Still (1904-1980): 37 paintings by the American abstract Expressionist. Ends March 22. Daily

BERLIN

Altes Museum Degenerate Art: 100 examples of avant-garde German art in the 1930s which fell foul of the Nazis. This is the first European showing of an acclaimed exhibition originally mounted by the Los Angeles Country Museum. Opens next Wed, ends May 31

Bahnhof Westend Flow of Space: three artists have worked together in their separate media – wood sculptures (W P W Hoffmann), the world's largest intaglio print (Zoe Keramea) and a rusting steel flying machine installation (Detlef Mallwitz) – to create a single environment in the imposing interior of the former imperial railway station. Ends March 15. Closed Mon (off Spandauer Damm)

Martin-Gropius-Bau The Jewish World: a major survey of Jewish lifestyle, culture and history around the world. Ends April 26. Daily

EDINBURGH

Scottish National Gallery of Modern Art Otto Dix (1891-1969): the Dresden Collection of Works on Paper. This is the first showing outside Dresden of the city's renowned collection of works by Dix, the foremost German realist painter this century, known for the meticulous detail and brutal honesty of his work. The exhibition contains 200 watercolours, drawings, gouaches and prints, and complements the major Dix retrospective opening at the Tate Gallery in London on March 10. Ends May 10. Also Edward Baird (1904-49): a rare opportunity to rediscover the talents of a Scottish artist whose paintings are distinguished by a meticulous attention to detail and a style that often verges on Surrealism. Ends May 17. Daily

FRANKFURT

Schirn Kunsthalle The Great Utopia: the Russian avant-garde 1915-1932. The exhibition brings together 800 works, including paintings, drawings, sculpture, theatre designs, photographs and posters, and documents a period of extreme fertility in Russian art. Among those represented are constructivists such as Lissitsky and Popova, and many others whose work was for many years suppressed. Ends May 10. Daily

HAMBURG

Kunstverein Renato Guttuso (1912-87): 55 paintings and 90 drawings by the Sicilian-born painter who became a leading exponent of Social Realism, served as a Communist senator, and designed the cover and illustrations for Elizabeth David's book on Italian food. Ends April 12. Closed Mon (Altländer Strasse 2)

LONDON

Barbican Van Gogh in England: portrait of the artist as a young man. The exhibition focuses on the years 1873 to 1876, and examines the impact of Van Gogh's stay in England on his later drawings and paintings. It also includes major works by British artists known to have been seen and admired by Van Gogh during this period, including John Everett Millais, James Tissot and Luke Fildes. Ends May 4. Daily

Tate Gallery Brice Marden (b New York 1938): the complete range of printed works, providing insight into one of the leading contemporary painter-engravers of the postwar period. Ends June 21. Also Turner: watercolours and drawings 1830-1840. Ends May 10. Daily

Institute of Contemporary Arts Ian Hamilton Finlay. Ends April 5. Daily

National Gallery Raphael's Madonna with the Pinks: first public display of a painting probably made in 1508. Ends March 29. Daily

Royal Academy of Arts Mantegna. Ends April 5. Daily (Tickets can be booked in advance on 071-287 9579)

NAPLES

Castel Sant'Elmo and Certosa di San Martino Jusepe de Ribera (1591-1652): major retrospective of one of the finest baroque painters, known as Lo Spagnoletto, who left his native Spain aged 19 for a lucrative career in the service of the Spanish viceroys and the church authorities in Naples. Among the 150 paintings and drawings are masterpieces from the Metropolitan in New York, the Prado, the Hermitage and Louvre. Local works include the paintings done specially for the church of the Certosa di San Martino, newly restored for the occasion. Ends May 17

NEW YORK

Brooklyn Museum Arman (b1928): 70 works by the French-American avant-garde artist, ranging from his early monotypes created with rubber stamps, to his most recent bronzes, on view in the US for the first time. Ends April 26. Closed Mon and Tues

Metropolitan Museum of Art Barbizon: six masters of the French 19th century school of naturalist landscape. Ends May 3. Closed Mon

Museum of Modern Art Allegories of Modernism: contemporary American and European drawing. Ends May 5. Also the William S Paley Collection: works by Cézanne, Gauguin, Degas, Picasso, Matisse and others. Ends April 7. Closed Wed

PARIS

Grand Palais Toulouse-Lautrec: 200 works from public and private collections. Ends June 1. Closed Tues, late opening Wed. Tickets can be booked by phone on 4804 3886 and by fax on 4274 3069 (ave du General Eisenhower, metro Champs-Elysées, Clemenceau)

Musée des Antiquites nationales The Stuart Court at Saint Germain en Laye: 35 paintings dating from the French exile of James II and the Old Pretender. Ends April 27. Closed Tues (more information on 3451 5365)

Fondation Mona Bismarck Masters of the Goodwood Collection: mainly 18th paintings, furniture, porcelain and objets d'art collected by the Dukes of Richmond and D'Aubigny. Ends March 22. Closed Sun (34 ave de New York)

Galerie Odermatt-Cazeau Germaine Richier (1902-1959): a retrospective of the French sculptress, who under the influence of Surrealism made spindly figures similar to those of Giacometti. Ends April 18. Closed Sun

Musée des arts decoratifs René Lalique: art nouveau goldsmith and artist in glass. Ends April 5. Closed Tues (107 rue de Rivoli)

Musée des arts decoratifs (Palais du Louvre) Dubuffet. Ends March 29. Closed Mon and Tues (pavillon de Marsan, 107 rue de Rivoli)

TURIN

Lingotto American Art 1930-1970: a gallop through 40 years of American art, from early 30s realism to 60s Pop. Artists include Giorgia O'Keeffe, Pollock, Rothko, Rauschenberg, Lichenstein and Warhol, seen to good advantage in the vast spaces of the converted Fiat factory. Ends March 31

WASHINGTON

National Gallery of Art John Singer Sargent's El Jaleo: this life-size painting, which the American expatriate artist first exhibited in Paris in 1882, is an early masterpiece depicting a magnificent flamenco dancer. It is shown alongside seven related paintings and 40 drawings, which trace the artist's evolution in portraying the Spanish dance theme. Ends July 5. Also Gerard David's St Anne Altarpiece: the three panels of the restored altarpiece by the early 16th century Dutch artist, together with seven smaller panels. Ends May 10. Daily

FINANCIAL TIMES

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Europe's wild east

IN TSARIST times a stone on the main road through the Caucasus marked the south-eastern limit of Europe. The lands beyond were part of Asia. Since then, Europe has quietly expanded. All the ex-Soviet republics except Georgia (disqualified by civil strife) have now been admitted, with remarkably little discussion, into the Conference on Security and Co-operation in Europe (CSCE), which thus includes the Transcaucasian republics of Armenia and Azerbaijan, as well as the four central Asian ones and Kazakhstan. The same goes, even more astonishingly, for the North Atlantic Co-operation Council (NACC), a kind of annex in which Nato tries to make its former adversaries feel at home without offering them any guarantees.

These arrangements reflect an awareness among Nato countries that they are no longer threatened by one big neighbour's hostility, but rather by the fall-out (metaphorical or literal) from conflict among and within a whole host of neighbours, old and new. War between former Soviet republics can neither be ruled out nor contemplated with equanimity. The west has an interest in preventing it.

The war that threatens to break out most imminently is between Armenia and Azerbaijan. Within the territory of Azerbaijan lies an enclave, Nagorno-Karabakh, populated mainly by Armenians. These have proclaimed their independence, but (shades of Croatia) have run into armed resistance from the Azeri minority within the enclave. The latter are supported by the government of Azerbaijan, the former by their kith and kin in Armenia. So far the main fighting has been in and around the enclave, but it could escalate at any time into war between the republics, especially if further Armenian advances trigger the downfall of Azerbaijan's president.

Armenian diaspora

If that happened, matters might not stop there. Armenia, a Christian country, has traditionally looked to Russia or the west for protection. Before the first world war many Armenians lived in the Ottoman empire, on what is now Turkish territory. Most of them perished in the genocide of 1915-16, while the survivors fled to the west, where today (especially in the US) there is an active and influential Armenian diaspora. The Azeris, on their side, are closely linked to Turkey by language, to Iran by religion (they are Shia Moslems), and to their immediate neighbours in Iranian Azerbaijan by both. In Turkey public opinion takes the Azeri side, while Russians, west Europeans and north Americans seem more disposed to accept the Armenian version of events. Iranians might instinctively support fellow-Moslems, but Armenians in Iran have been well treated, by both imperial and Islamic regimes, and the Tehran government has no interest in encouraging Azeri separatism.

Joint mediation

Last autumn the presidents of Russia and Kazakhstan attempted a joint mediation which looked promising, but failed. Now Iran's foreign minister is trying his hand. The leaders of Turkey and Armenia have so far behaved on the whole with statesmanlike moderation, seeking to overcome rather than revive past hatreds. But the Turkish prime minister did recently warn the US against siding with Armenia in the event of war, suggesting that if it did so Turkey "could not stand idly by". Turkish troops have been moved close to the border.

Nato cannot be indifferent to the danger of a war in which one of its members (Turkey) might be involved on one side, while the physical survival of a nation on the other side (Armenia) might be in danger. But Nato as such is hardly equipped to mediate. That task is best undertaken by the CSCE, which last week sent a mission to the area and is now inviting both sides to make use of its disputes settlement procedure, adopted a year ago but so far untested.

The conflict between Azerbaijan and Armenia is only one of the potential disputes arising from the break-up of the Soviet Union that could threaten international peace and security. The emphasis for now must be on negotiation. But if the CSCE concludes that a political solution is impossible without the despatch of peacekeeping troops, this too should remain an option.

Better nuclear safeguards

THE MEASURES taken by the International Atomic Energy Agency (IAEA) this week to strengthen safeguards against nuclear proliferation are only a modest step forward. The UN's nuclear watchdog needs far stronger powers if its inspectors are to stand a real chance of detecting a clandestine weapons programme like that of Iraq.

The IAEA board of governors agreed that inspectors could make "special inspections" of undeclared sites in countries that have comprehensive safeguards agreements with the agency. That is real progress. But countries with limited agreements to inspect specific reactors, such as Algeria, would not have to open other sites for inspection.

A second measure will require countries to submit preliminary information about new nuclear facilities and modifications to existing plants, before construction starts. But again this will apply only to full IAEA members.

A more ambitious proposal – to set up a central registry of production, exports and imports of nuclear materials and sensitive equipment – foundered on the objections of several industrialised countries. They argued that a reporting system sensitive enough to pick up suspicious shipments would impose an unacceptably heavy administrative burden on suppliers.

Database proposal

IAEA staff will refine the database proposal in the hope that the board will accept it at the next board meeting in June. The inspectors believe, rightly, that a comprehensive system for tracking nuclear materials and equipment would make it far easier to detect a country trying to conceal a weapons programme by buying similar materials in relatively small quantities from several suppliers in different countries, as Iraq did.

In the long run, effective global safeguards can work only if countries still outside the Non-Proliferation Treaty, such as Israel, India and Pakistan, sign up. But it will take strong and sustained diplomatic pressure, particularly from the US, to make them see that the loss of sovereignty entailed in IAEA membership is a price worth paying to prevent nuclear proliferation among their actual or potential enemies. Meanwhile, the existing membership must accept an inspection system powerful enough to detect clandestine weapons development.

Challenge inspections

The "special inspections" now proposed by the agency could develop into a system of "challenge inspections" similar to those permitted under the US-Soviet arms control treaties. The IAEA must have the right to order inspections of suspect sites at short notice: and if there is any obstruction, this will have to be backed up by the UN Security Council through sanctions or, in the very last resort, military action. There could perhaps be a dual system under which a special inspection would be carried out either at the discretion of the agency or on the request of a given number of member states.

But there is no point in mapping out substantial new powers for the IAEA unless it is given the resources to match. This year, the agency is having to cut back all its existing activities by 13 per cent, mainly because the loss of the Soviet Union's annual contribution of $20m has triggered a financial crisis. This is hitting not only the inspection programme but also the IAEA's work on nuclear safety, which is particularly important given the number of unsafe Soviet-designed nuclear reactors in eastern Europe.

Industrialised countries will have to increase their IAEA contributions to help the agency out of its immediate crisis and then enable it to take on new responsibilities. But at the same time, developing countries must accept a change in the geographical balance of IAEA inspection work. Today, 60 per cent of the inspection programme is devoted to western Europe, Canada and Japan. In future, it should concentrate more on regions such as the Asia and the Middle East where the risk of proliferation is greater.

SOCIAL EUROPE

David Goodhart assesses the implications for British business of the decision to reject an extension of EC social provisions

Opting out and cashing in

"Britain will become a paradise for investment," was the verdict of Mr Jacques Delors, president of the European Commission. His angry reaction to Britain's decision to "opt out" of an extension of the European Community's social and employment policy at December's Maastricht summit is now approvingly echoed by British ministers.

They believe they have preserved the right of British employers and employees to conduct their affairs free from centralised, continental meddling, to the benefit of the UK economy. For Mr Delors, and supporters of a deepening of the EC's social dimension, Britain is poised to become the Hong Kong of Europe, its barely protected labour sucking in foreign capital. This might be an unwelcome development but, to Mr Delors, it is preferable to the alternative, a social dimension that would be limited to a few health and safety directives, with the UK blocking attempts to establish a true set of EC-wide minimum standards at work.

Now, thanks to their UK-free Maastricht "protocol" agreement, the other 11 member states will, from 1993, be able to sidestep the UK. Should Britain try to block a measure supported by the other states, they could use the protocol to introduce reforms. That could mean legislation, covering the 11 only, on matters such as sex equality at work, minimum annual holiday entitlement, and works councils for consultation with employees.

Whether this would allow the UK to consolidate its position further as the EC's favoured destination for inward investment from outside the Community is debatable. US and Japanese investors have, over the past 40 years, generally preferred the UK for a variety of reasons, not least the English language and the country's relatively low wage costs, especially compared with Germany. Although there has been some sign recently of a switch in Japanese preferences from Britain to Germany, Britain accounted for over 38 per cent of Japanese direct investment in Europe in the four decades to 1990 and for 61 per cent of such investment in 1990 alone.

That the trend in favour of Britain was particularly strong in the 1980s suggests that the economic conditions which prevailed under the Thatcher government were an important driving force. Among these was a commitment to a continued regime of low non-wage labour costs (the social security and other benefits that must be paid by an employer) and a relatively unregulated labour market.

By contrast, in most of the continental EC economies, including the poorest such as Greece and Portugal, the state intervenes widely to set minimum standards at work – for example minimum wages and maximum hours – and all have statutory systems for worker consultation.

For this reason many employers in continental Europe have found the EC's social dimension easier to accept than their UK equivalents. Directives, such as that on maximum working time, which would require significant reorganisation in some sectors of UK industry, merely confirm existing practice in most other EC countries.

Continental European employers, obliged to consult employee representatives at plant or national level, also find it easier to accept the agreement between UNICE, the European employers body, and the European Trade Union Congress, which is included in the Maastricht protocol and allows the "social partners" the right to amend EC legislation and to produce EC-wide collective agreements as a substitute for legislation.

Employers differ sharply about the position in which Britain now finds itself. "Opt-out is good for smaller businesses and for businesses operating only in the UK, but UK multinationals with companies in Europe may have to accept the protocol in part of their business and that could get complicated," says Mr Malcolm Greenslade, director of personnel at GrandMet, the food and drinks group.

Mr Herwig Kressler, personnel manager at Unilever, says he will probably ignore the "opt-out" altogether rather than have one set of rules for the UK and another for other EC countries. Other personnel managers say they would probably include the UK in low-cost protocol measures such as the works councils but try to opt out of more costly measures.

To many, EC countries such as Germany and Holland, manage their economies more successfully than the UK despite high regulation

The cost of implementing individual directives depends on the sector in which a company operates and what it already offers its staff. Mr Greenslade says GrandMet would face no extra cost from several measures, including the EC's statutory maternity proposals. But having to pay part-time workers the same, relative to the hours they work, as full-timers (a directive that is currently shelved) would cost £4m a year and make it less attractive to hire part-timers, who now number 16,000 out of a UK workforce of 21,000.

On working hours, Mr Greenslade complains that a 48-hour weekly limit would force GrandMet's restaurant chains to adopt higher, continental-style, levels of staffing. The UK chemicals group ICI says it would not welcome legislation on weekly hours but adds that it lives with it in the rest of Europe and could live with it here. British Rail, which makes massive overtime payments, might face an even bigger bill from a 48-hour limit, but Mr Gareth Hadley, a BR personnel manager, says cutting overtime should be a goal of all managers and believes the government is wrong to oppose the directive.

The commonest view of the opt-out among larger UK employers – supported by UNICE and some members of the CBI – is that it would have been better if the UK had fought for a diluted version of the "Social Chapter" under discussion at Maastricht for all 12 member states. Big business in the UK and in the rest of the EC believe the "opt-out" has exposed it to tougher social legislation than was strictly necessary. The UK multinationals add that they will have no influence over the development of EC social legislation, perhaps for several years, and will then have to swallow what has been established without them when the UK "opts back" at some point in the future.

Some UK employers blame internal Tory party politics for the outcome at Maastricht, pointing to the fact that the final, rejected, version of the Social Chapter included a more precise definition of the catch-all category "working conditions" and ensured that the UK would retain its veto against European works councils; the two issues considered the stumbling blocks prior to Maastricht.

According to UK officials in Brussels Mr John Major, the British prime minister, was ready to accept that compromise, but Mr Michael Howard, the employment secretary, and a clutch of Thatcherite junior ministers, would not. They cited the UNICE-ETUC agreement, with its undertone of "Euro-corporatism", as the main objection, despite support from most EC employers' groups.

For Mr Delors, and supporters of a deepening of the EC's social dimension, Britain is poised to become the Hong Kong of Europe

Some observers say that the UK government is haunted by the memory of the corporatism of the 1970s and that Britain would still be able to retain many of its labour market peculiarities and its low wage costs even if it accepted the protocol.

Moreover, EC countries that celebrate their corporatism, such as Germany and Holland, seem to manage their economies more successfully despite a high degree of regulation. Inward investors sometimes prefer a well-trained workforce to a cheap and flexible one, as Mitsubishi Electric said when it opted to site its latest plant in Germany, and as the latest hints from Ford about moving its research centre to Germany indicate.

Mr Howard eloquently defends his vision of European social legislation based on national tradition, flexibility, and individual choice. He also points to the UK's superior record on implementing social directives – the UK has implemented 18 out of 18 – implying that some governments like to talk about the social dimension but wriggle out of paying the bill.

Britain's health and safety record is especially good, although, arguably, the UK is trying to export its high standards in that field much as Germany is said to be trying to do so with social costs in general. And it is health and safety legislation which the poorer EC countries have the greatest difficulty paying for.

Mr Howard has allies. Small business in the UK sees nothing but good in the "opt-out" and larger UK companies like Associated British Ports, which revolutionised its employee relations in the late 1980s by moving all staff onto individual contracts, are relieved that the UK will not be to Europe-wide collective agreements with unions. Aspiring EC members such as the Swiss and some east Europeans have also expressed an interest in "opt-out".

Mr Ed Streator, president of the American Chamber of Commerce in London, says if the UK had agreed even a watered-down Social Chapter at Maastricht "the perception of US business would have shifted in a negative direction". He adds, however, that there is some positive interest in the idea of such a social charter in the US and it is being discussed in the North America Free Trade Zone talks.

The debate among employers, however, has plenty of time to run its course. Even if events unfold as Mr Howard hopes, the protocol and opt out will not take effect until 1993. There are also a number of reasons why the further divergence between the UK and its partners will be slower than this or even non-existent.

In the first place, the UK remains bound by existing EC social legislation and will continue to participate in areas such as health and safety. Controversial measures currently under discussion, such as that to establish maximum weekly working time, could still be imposed on the UK outside the protocol.

There are many areas which remain outside the scope of the protocol agreement such as pay, the right of union organisation, and the right to strike, (although they could be taken up by UNICE and ETUC). There are also directives, such as improving conditions for part-time workers, which several countries oppose and which are unlikely to succeed even under the protocol.

Further, with continental European economies growing only slowly over the next few years, any added burden on employers, however small, will be carefully scrutinised by the 11. Both the Irish and Spanish governments have woken up to the possible loss of the UK veto and tried unsuccessfully to water down the protocol.

German employers also are again becoming alarmed about high labour costs and will do their best to render the protocol toothless. "German employers say that the social dimension is not a bad thing because it forces some of our own high social costs onto all the others," says an official at the BDI employers organisation. But that makes them very unhappy about the UK's "opt-out". As the EC's biggest exporter, they also face the most competition in world markets from the US and Japan.

Like Mr Delors' verdict this seems too sweeping and, in its own terms, too pessimistic. The Conservatives may have won a political victory on the EC's social dimension at Maastricht, but for the British economy, is not likely to prove decisive one way or the other.

OBSERVER

Not so human race

■ It's a funny old world when South Africa's voters have to prove they are white in order to vote in the referendum whose aim is to gauge support for abolishing apartheid.

Those who carry identity documents issued after 1986 – which do not indicate race – will have to provide other evidence of racial purity. This conjures up visions of the bad old days of the "pencil test": if a pencil inserted in the hair failed to lodge there, a person could usually pass as white. But race classification experts need not sharpen their pencils this time: Pretoria will check identity documents against the electoral roll or birth records to ensure that no non-whites sneak into the polling booths.

Meanwhile, the prospect of the referendum has sent South African whites around the world scurrying to make sure they will be able to vote – nowhere more so than in London, the main centre for South African expatriates. The republic's London embassy reports that on Wednesday alone, no fewer than 1,350 people called in to find out how to vote.

Such is the enthusiasm that there is talk of hiring a jumbo-jet to ferry people down to Johannesburg in time for referendum day, March 17. With an estimated 50,000 to 80,000 South Africans resident in Britain – most of them expected to vote "yes" to a continuation of President F.W. de Klerk's reforms – the expatriate vote could be vital if the contest is as close run as some people expect.

Poor examples

■ If the Bank of England really wanted to give a lead on corporate governance issues, it could start by shaking up its own court of non-executive directors. Take Sir Adrian Cadbury, chairman of non-executive director pressure group Proned. He has been on the court for 22 years and Warburg's Sir David Scholey has been a director for more than a decade. Good men as they are, isn't it about time that they set an example by standing down and letting someone else have a go? A four year term is long enough.

Meanwhile, Sir Christopher Hogg's appointment to the Court is the clearest sign to date that he has made it into the ranks of the great and the good. But he is still only 55 and his non-executive chairmanships of Reuters and Courtaulds are hardly full-time jobs. Taking on the chairmanship of British Aerospace would have been a more worthwhile but more demanding task than accepting an invitation to sit at the Bank of England's court.

False note

■ Times are hard in both the PR and karaoke-selling worlds, if Observer's experience is anything to go by. From the FT's reception desk a PR agent promoting a wizard new scheme of selling products via the ubiquitous karaoke machine called up to tempt us into an immediate casual chat and story.

Cold calling happens; many journalists occasionally need to doorstep; but a cold calling door-stepping karaoke salesman?

Augury

■ US Treasury Secretary Nicholas Brady has offered a possible way out of Britain's green-shoots/withered-shoots . debate. Expressing his optimism to the US Society of Business Economists this week, he announced: "I see robins on the lawn."

Picturesque; but not strictly applicable over here. The American robin is a quite different bird from the winter-dwelling British variety - larger, gaudier, and never seen on Christmas cards. So if British optimists want to take the Brady line, they must nominate a migrant.

And pessimists must come up with a bird of ill omen. Traditionally, an owl. But owls on the lawn? Hardly.

"Remember when I begged you to borrow our money? Well no more Mr nice guy, punk"

Adventurous

■ If 3i, Britain's biggest venture capitalist, was advising a customer on how to manage a successful stock market debut, it would not be counselling it to replace its chairman, chief executive and finance director only months before the flotation. This is what companies in trouble do.

However, 3i does not seem to think there is anything unusual in the fact that it has yet to find a successor to its own chairman, Sir John Cuckney; and now chief executive David Marlow is retiring early. 3i's chief executives often retire early it seems, and anyway finance director Ewen Macpherson, the new ceo, has been with the firm for 22 years and Brian Larcombe, the new finance director, has been there almost as long. They should know the ropes.

3i prides itself on its management in depth, but this is part of its problem. It is a big and rather inbred animal whose managers are not well known in the City investment community. Tinkering with a trusted management team at this late stage is risky, particularly given the market's current nervousness about the unquoted investment trust sector.

Help wanted

■ Local government job of the year. Finance director to "undertake the challenge of financial management" of a small council. Salary £38,361-£41,268 plus £978 car allowance etc.

Candidate must have "the input and vision necessary to lead the authority through the formidable challenges of the future." Formidable indeed – the employer is Comhairle nan Eilean, the Western Isles Council, whose £23m loss in BCCI cost Donald Macleod, last holder of the post, his job.

The resulting borrowing is likely to cost the 31,500 islanders about £3.4m a year for 30 years, and this year's poll tax has gone up 470 per cent, from £26 to £122, plus £58 water charge. The new finance director's salary is a lot more than most of the islands' crofting inhabitants make, and even the higher poll tax shouldn't be too much of a problem.

Rum do

■ Overheard on the tube:

"A friend of mine's just moved to Barbados. He says the only drawback is there are no pubs and he has to go straight home after work."

The airline deal that did not fly

FT writers examine the collapse of the merger talks between British Airways and KLM

It was late on Wednesday night. Executives from KLM Royal Dutch Airlines and British Airways had been meeting separately for hours on either side of the English Channel in a last-ditch attempt to save the planned merger between the two airlines.

The negotiators had spent months on an elusive project called "Sahara". It was an attempt to create a formidable airline group with an extensive international route network into north America and the Far East, served by one of the world's most modern fleets and fed by two of Europe's biggest airports, the expanding Schiphol near Amsterdam and London's Heathrow.

The planned merger would have created a European company capable of matching the scale of US airlines such as Delta, American Airlines and United, which are increasingly aggressive rivals on transatlantic routes.

For BA there was an added attraction. KLM's minority stake in Northwest Airlines offered possible access to the US market which it had been denied by the failure of merger talks with United in 1990.

So why on Wednesday night did the two teams of weary negotiators conclude that they could go no further? And where does it leave the two airlines?

The talks got off to a good start last September. The two airlines had already worked closely in an attempt to create a European airline built around Sabena, the Belgian carrier.

Advisers to both companies said the atmosphere had been good. The main protagonists, Mr Piet Bouw, KLM's president, and Sir Colin Marshall, BA's chief executive, struck up a good relationship. A KLM executive said yesterday: "Both sides wanted to come to an agreement but it just was not to be."

The co-operative atmosphere helped the two companies to devise ways of overcoming some of the practical obstacles they faced. In January, Mr Bouw disclosed that KLM was prepared to give up its name for the sake of the merger. The negotiators believed they had found a solution to one of the trickiest problems they faced: how the merged airline could retain the landing rights which airline regulators around the world had granted to the national airlines separately.

Financial advisers involved in the talks said there had also been common ground on the main operational issues of how the merged airline should be run, including the way its marketing and sales forces should be managed, ticketing systems, aircraft maintenance and joint procurement. These matters were not mere details. By pulling together the two airlines' operations the merger held out the prospect of generating huge combined savings – of about £100m a year in the first year, rising to perhaps £500m after several years.

BA and KLM were buoyed by the track record of earlier Anglo-Dutch mergers, notably Shell in oil and Unilever in consumer goods. The key to the success of both these deals was their shareholding structure. Although both Shell and Unilever are merged groups, they retain separate British and Dutch national companies. At Shell, the national parent companies are paid dividends from a joint holding company which manages the company's assets. Unilever operates a complex profit equalisation agreement which determines how profits should be shared.

BA and KLM set out to create a profit-sharing structure modelled on Unilever. The two national companies were to be paid shares of the profits earned by the merged group. It was in these discussions that the negotiators hit the insurmountable obstacle which brought the talks to an end.

Various measures were discussed to determine how the profits of the combined group should be shared. BA's market capitalisation is about £1.6bn, three times that of KLM, suggesting a 75 per cent/25 per cent split in favour of BA. If a profits share-out were based on the capital reserves in the companies' balance sheets, it would split in BA's favour by 65 per cent to 35 per cent. Estimates of the two companies' cashflow, their net earnings combined with the amount they spend upon depreciation, would also suggest a 65/35 split.

'The two companies' operating cultures are compatible but they live in different financial cultures'

However, from the outset KLM made it clear it wanted at least 40 per cent of the profits from the merged group. It wanted the valuation to take account of the long-term value of its stake in Northwest in the US even though the airline's recent losses have helped to depress KLM's share price.

The Dutch airline also wanted the deal to take account of two of its assets not included in its market capitalisation – its strong position at Schiphol, and its recent investment in fleet modernisation. In 1989 KLM ordered 36 aircraft worth Fl 5bn (£1.5bn) which were for delivery up to the mid-1990s. It calculates that because it has spent so much creating the most up-to-date fleet in the world after Singapore Airlines, the merged airline would have to spend less on fleet modernisation.

This valuation was rebutted from BA. An adviser commented: "BA was vitally interested in its share price, earnings dilution and its dividend policy. KLM was not as interested in those issues. The two companies' operating cultures are very compatible but they live in completely different financial cultures."

BA stuck out for a deal to give it at least 70 per cent of the merged group. The reasons for its insistence are clear from *calculations by Mr Mark Simpson*, an airline analyst at UBS Phillips & Drew, the stockbroker. He forecasts BA will make net profits of £289m in 1993 and KLM will earn about £100m. Assuming the merger would have generated after-tax savings of £80m in its first year, the merged group would have had net profits of £469m.

If these profits had been shared out on a 70/30 split in BA's favour, its earnings would have been enhanced by about 14 per cent, while KLM's would have risen 41 per cent. If the split had been 65/35, BA would have still got a marginal profits enhancement of about 6 per cent, with KLM enjoying a 64 per cent leap in profits.

A 65/35 deal might just have been presentable in the City. But a 60/40 split would have left BA suffering an unacceptable dilution of its earnings.

Despite warnings that a 60/40 deal would not get off the ground with investors in London and New York, the Dutch persisted. A BA adviser said: "The Dutch were terribly stubborn. At the start everyone assumed they were not serious when they said they wanted 40 per cent. But they just would not budge."

Dutch politicians' fear of job losses and the loss of identity for the national flag carrier may have been behind this stance. The Dutch government, *which owns 38 per cent of KLM*, insisted the company had acted on its own. Nevertheless, six of the 11 members of KLM's supervisory board are government appointees. As the main shareholder in Schiphol airport, the Dutch government has no desire to see its taxpayers' money used to promote the profits of a privatised British airline.

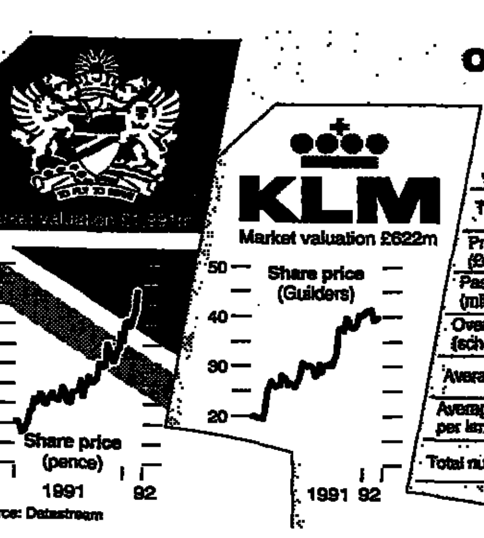
What lies in store for the airlines? British Airways is responding aggressively to the downturn in its market. Its costs are falling fast, with its workforce cut by 11 per cent this year, wage inflation down to about 4 per cent and fuel costs moderating. In the third quarter it made pre-tax profits of £100m compared with just £20m the year before. When passenger volumes rise, it should reap significant productivity gains.

BA will continue talking to potential partners in Europe, the Far East and America. But its financial strength means it is in no rush to do a deal.

As for KLM, it is narrowing its losses and cutting costs. It may start talks with other European airlines such as SAS, the Scandinavian group. Although it is regarded in the industry as a high-quality airline, few believe KLM has a long-term future as an independent force, as the market in Europe is opened to more competition. A deal with either Air France or Lufthansa seems unlikely, while a merger with SAS would not provide the size and scale needed. Mr Philip van den Berg, an analyst at Goldman Sachs in London, commented: "KLM is not big enough to survive on its own, it may yet have to return to BA for support."

Reporting by Charles Leadbeater, Ronald van de Krol and Daniel Green

On different flight paths



Year end March 31	British Airways 1990/91	British Airways 1991/92 9 months	KLM* 1990/91	KLM* 1991/92 9 months
Turnover (£bn)	4.94	3.60	2.00	1.83
Pre-tax profit/loss (£m)	130.0	185.0	-154.3	97.0
Passengers carried (million)	25.59		7.50	
Overall load factor (scheduled service)	66.8%		69.6%	
Average number of staff	52,809		26,660	
Average tonne carried per km per employee	252.8		280.0	
Total number of aircraft	230		81	

* Turnover, pre-tax profit/loss and market valuation converted to Sterling

Joe Rogaly
Hard-Nose hedging

This weekend will be a good one in which to refine your funk portfolio. For the election campaign may be starting to turn Labour's way. If it is, and if you have money to spare, you will want to place it in personal equity plans, index-linked gilts, the name of your spouse, beneath the mattress, in an offshore account under your aunt's signature – any good hiding-place you can find.

I say "be ready", not "take action". There is no need for investors or the well-paid to panic. Not yet. A few weeks ago, I characterised the then current opinion poll results as deuce, advantage Tories. Now the polls – plus something in the political air – suggest that the score is deuce, advantage Labour. This is a slight but not insignificant change. It needs some explaining.

First the polls. The moving average of the last seven of them, all taken in February, comes out at 39 per cent Conservative, 39 per cent per cent Labour and 17 per cent Liberal Democrat. Ignore differentiated regional swings, special cases in the marginals and similar psephological technicalities. They usually cancel one another out. On a straightforward uniform swing, 39-39-17 produces a hung parliament, with the Conservatives commanding 14 more seats than Labour.

The picture restructures itself if you focus on the four most recent polls, all taken in the second half of February. The score in terms of public support is still about evens, but there is a fractional difference in favour of Mr Neil Kinnock's party. The model on our FT computer reduces the Tory lead in a hung parliament to just six seats. The difference is important. With a 14-seat plurality, Ulster unionist support and a fair wind, the government just might cling to power. If it ended up a mere six seats ahead of Labour, the government would probably lose in the manoeuvrings that would follow the election.

These computer games would be meaningless if it were not for the timing of the latest wobble in the monthly graph. The four latest polls were all taken after St Valentine's day – that is after the "black Thursday" of February 13. On that fateful afternoon, it was announced that unemployment had risen in January by twice as much as expected, mortgage lenders had repossessed 75,000 homes in 1991 and manufacturers had cut their capital spending. The next morning, we were told that factory output was down by 5 per cent for the year 1991.

Since then the hammer blows to public confidence in the government's management of the economy have coming thundering down with rhythmic persistence. Clearing banks have reported record losses, and announced large-scale redundancies. A huge increase in the public sector borrowing requirement has been excused in advance by the prime minister. On Tuesday, Mr Kinnock floored Mr Major with a parliamentary question: "The prime minister is now borrowing billions to try to finance a pre-election tax cut. So will he tell us exactly which other taxes he will raise to pay for the bribe?" Yesterday's trade figures were dreadful, particularly on the export side. In yesterday's question-time exchanges, Mr Kinnock once again linked tax cuts with unbalanced budgets. He may eventually get this message through to a wider audience.

Only the Budget can save the Conservatives now — or can it?

We should, therefore, expect signs of hesitancy about the April 9 election date. Yesterday's Daily Express, one of the tabloids that might as well be an organ of Conservative Central Office, argued that Mr Major "must not be bounced into an April poll just because the media and the opposition want it". In theory, the Daily Express is right; in practice, this is not the Central Office line. The prime minister would lose more by seeming to be afraid of April 9 than he would by delaying and hoping for something to turn up. More to the point, he believes that the recovery awaits a Conservative victory.

Thus boxed in, Mr Major now faces a test of nerve, particularly if Labour's apparently renewed advantage is pressed home next week. If it is, the game may slip away from him and we could be just 42 days from sitting stunned and bleary-eyed before our television screens as a beaming Mr Neil Kinnock struts before the cameras on the threshold of Number 10 Downing Street.

The most senior of the Conservatives understand this very well. They affect to be confident of victory, but in private they are worried. Only the budget can save them now – or can it? Mr Major's present intention is to base his call for re-election on borrowing untold billions on the taxpayers' account in order to finance a lower rate of income tax. If he does – that is, if the package presented by Mr Norman Lamont, the chancellor, on March 10 knocks a penny or two off the standard rate, raises tax thresholds and awards a free beer mug *or a nifty credit card wallet to* everyone who votes Conservative – we will then see a living sociological experiment. The power of the crude handout will be tested before our very eyes.

There are two schools of thought on this matter. One, the Lofty school, believes that this would be a tacky way to fight an election, and, worse, that it would be seen to be so. Mr Kinnock could expose it by rescinding part or all of Labour's proposals to increase taxes, arguing that if Mr Lamont can borrow to finance tax cuts, his chancellor, Mr John Smith, could borrow to finance expenditure, without actually raising taxes. The other lot, the Hard-Noses, believe that floating voters in the marginals will not be susceptible to such nuances. They will take the Tory money and vote to keep it.

Your weekend portfolio planning should be adjusted according to which of these theories seems the more likely to be right. It is a question of how sophisticated and how selfless you think the electorate is. If you force me to choose, my money remains on the Hard-Noses, but with waning confidence.

LETTERS

Curious forecasts spring from subtle imagination

From Mr John I Edwards.

Sir, As an engineer rather than an accountant, I was sorry that your article, "Managers lack finance skills, says survey" (February 24), did not supply the "correct" answer to the philosophical question "What is the basic purpose of a profit and loss account?"

My own experience is that a good profit and loss account (and balance sheet) is a subtle work of the imagination (with a small admixture of fact) which has four basic purposes: to flatter the management, to reassure the bankers, to comfort the shareholders, and to minimise the tax liability.

To balance these purposes without actually being seen to break the rules is the true art of accountancy. Would this have been marked correct?

Your article said: "Only 38 per cent [of managers] correctly identified [working capital] as just cash, stock and debtors."

I was brought up to believe that working capital was "current assets less current liabilities". If nearly two out of five managers (and KPMG Management Consulting which conducted the survey) think creditors and overdraft can be ignored, this could account for a lot of curious working capital forecasts and apparently perverse management decisions in British industry.

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Australia denies its industrial tariffs are monstrously high

From Mr Jim Payne.

Sir, I would take issue with key points in Sir Roy Denman's letter (February 24).

It is true that industrial tariffs have been ratcheted down over the course of successive General Agreement on Tariffs and Trade rounds. Australia and the Cairns Group accept that agricultural reform also cannot be achieved overnight. However, the corruption of world agricultural markets is so immense, not least because of EC export subsidies under the Common Agricultural Policy, that the need for substantial reductions in subsidies and other support should be manifest to all. At risk is a package (the so-called Dunkel text) which would provide a substantial boost to world trade across a wide range of both goods and services.

However, the statement I refute most strongly is "the Australians [will do] little to cut their monstrously high industrial tariffs". A few facts are in order to correct this completely out of date view.

Between 1983 and 1992 the effective level of protection of Australian industry will have been halved. In contrast with the majors, there are now no quantitative restrictions on imports to Australia, with the sole exception of tariff quotas on textiles, clothing and footwear which will be eliminated by March next year.

Australia's average protection on all imports from Most Favoured Nation sources will be less than 5 per cent by the end of this decade. Most imports from developing countries (including the countries of central Europe) will be duty and quota free by July 1996.

Let us see the Community come even close to this. Despite the recession Australia is currently experiencing, the prime minister, in his economic statement on Wednesday, did not seek to reverse, or even slow down, the tariff cuts in train – Australia's offer on market access in the current Gatt round is among the highest of all parties to the negotiations. The value to Europe is that we are offering to bind cuts of 44 per cent on a trade-weighted basis.

Jim Payne,
Counsellor (Public Affairs),
Australian High Commission,
London

Banks pushing debt exposure on to trade creditors

From Mr Duncan Heenan.

Sir, Bad debts suffered by UK banks are much discussed at present, but little comment is directed towards the subtle shifting of the banks' role towards trade creditors.

Many businesses are suffering a progressive reduction in borrowing facilities from their bankers, as the poorer results roll in from the recession, and the bankers' confidence evaporates. This is often accompanied by informal advice from the bank to "lean on your suppliers". Having no option the business does so, creating a knock-on effect on its hapless trade creditors. The process stops when a supplier with sufficient equity, or adequate bank facilities, is reached in the payment chain. The result? Banks with reduced exposure to "risky" businesses, and their lending more confined to companies with less risk attaching. The bad debt risk has been shifted to trade creditors which only discover the problem too late to do much about it.

If the banks look like having a bad debt problem now, wait for industry's problem in the coming year! It seems wrong that in passing this problem to trade creditors, the banks will not accept a *pro rata* shift of their security to match.

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Fax service
LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Life products should have statutory minimum cash surrender value

From Mr R L Sutton.

Sir, I believe it is impossible to analyse the expenses of any organisation, other than the smallest of one-man-bands, without human judgments having to be made about the allocation of those expenses, and that the moment this happens any notion of absolute accuracy evaporates. It is, therefore, fruitless to waste time on such crudities as the "expense ratios" which you published ("Hidden costs that can make life policies so expensive", February 22).

In my view both the Association of British Insurers and Securities and Investments Board are chasing a mirage in striving for practical ways of disclosing "expenses".

The satisfactory solution is to free the life and pensions industry from statutory disclosure of commission to intermediaries and the vain quest for an equivalent for life office employees and tied agents.

Let the industry run its own affairs unhindered and make whatever remuneration and commission payments it wants, but exact a stiff quid pro quo by way of a statutory minimum cash surrender value formula applicable to all life and pension products.

I would suggest that the secretary of state for trade and industry, acting on the advice of the government actuary, be empowered to determine the formula which should be:

- equitable to all parties;
- simple enough to be easily understood and remembered;
- tough enough to force any badly run life office really to discriminate in its recruitment of sales staff and in its choice of intermediaries with whom it will do business, while also not being intolerable to any rigorously run office.

A tentative minimum cash surrender value formula might be:

"X per cent of all premiums paid, less £Y if surrendered during policy year N", where X could be 80, 85, 90 and 95 for N 1, 2, 3 and 4 and all greater durations. Y could be a flat £100 for all durations, but since the value of money can change, the secretary for state would be empowered to alter Y as and when he thought fit.

I would emphasise that any such formula would yield only a minimum value, allowing competition to produce higher values from the better-run offices, and should be applied to all life and pension contracts, without exception, written after an appointed day about two years hence.

Judiciously chosen, such a formula could do much to eradicate the evil of the public being lumbered with inappropriate and unnecessarily expensive policies.

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FINANCIAL TIMES
Friday February 28 1992

Commission may have to alter procedures after PVC cartel fines are quashed

Euro-court condemns EC decisions

By Andrew Hill in Brussels

THE European Commission may have to make drastic changes in its bureaucratic procedures and could face a rash of lawsuits following an unprecedented European Court decision condemning the EC executive's internal decision-making processes.

The Court of First Instance (CFI) – set up four years ago to help accelerate the EC legal process – yesterday quashed fines of Ecu24m ($29.6m) which were imposed on an alleged cartel of 14 Community manufacturers of polyvinylchloride (PVC) in 1988, arguing that the Commission decision was "non-existent". Commission legal experts are still poring over the 52-page ruling, but they are almost certain to appeal to the full European Court.

This is the third time in a month that the courts have overturned an EC competition decision on procedural grounds.

Yesterday's judgment is by far the most significant because it calls into question the daily workings of the Commission, which handles thousands of decisions annually.

Ms Diana Good, a partner with Linklaters & Paines, the law firm, said in Brussels yesterday: "It seems to me that the opportunity is there for a great many challenges [to other Commission decisions]. I think the Commission has got a big problem on its hands."

Companies subject to a Commission fine normally have to appeal within two months, but EC lawyers believe even older cases may now be unearthed on the grounds that they never existed legally because of flawed bureaucratic procedure.

The wider implications of the ruling will hinge on the CFI's ruling that all the language versions of the Commission decision should have been signed by Mr Jacques Delors, the Commission president, and Mr David Williamson, the secretary-general, as laid down in internal rules.

In practice, the Commission usually allows some of the many decisions to be signed in the president's absence, a practice which the CFI decided was unacceptable.

The Commission was making no formal comment on the decision yesterday but officials were understood to be both confused and astonished by the judgment. One legal expert commented: "This is a challenge to the whole way the Commission has done its work for 25 years."

But the European Court was adamant about the judgment. "It strikes me as a perfectly ordinary administrative proceeding," said one official. "If the Commission doesn't break the law, it will have no trouble with the courts."

Brussels' legal experts will now try to separate the specific factors in the PVC cartel case from general criticisms of Commission procedure.

Russia lifts controls on key prices

Continued from Page 1

response should give Russia access to other flows of western finance – including a stabilisation fund for the rouble – which have been made conditional on IMF support.

A debt relief package granted by the Group of Seven leading industrialised countries to former Soviet republics also comes up for renewal at the end of March.

Its extension until the end of this year is conditional upon the implementation of IMF-approved reforms.

Most Russian retail prices were liberalised on January 2, with devastating effects for consumers.

The prices of some essential consumer items remained regulated – albeit at a much higher fixed price – for fear of a consumer backlash.

Mr Yegor Gaidar, the deputy prime minister responsible for economic reform, told yesterday's cabinet meeting that the further liberalisation would help create a "normally functioning market mechanism by the end of the year".

The aim is to stabilise prices by stopping inflationary pressures from items which remain fixed at artificially low prices.

The government is also banking on a continued strengthening of the rouble against the dollar to make price liberalisation less painful.

Mr Gaidar said the price of oil would rise to Rbs3,500 ($35) a tonne – a third of the world price – from its present level of just Rbs350 ($3.50) tonne, at the present exchange rate of about Rbs100 to the dollar.

A woman sells dried mushrooms in Moscow yesterday. Remaining price controls will disappear in two months

Eight ex-Soviet republics join United Nations

By Leyla Boulton in Moscow

EIGHT FORMER Soviet republics today take their seats at the United Nations, sensitive to the fact that they have few other attributes of full statehood.

Bright republican flags – the most colourful symbol of statehood – were on proud display at a Moscow hotel yesterday. The occasion was a meeting of parliamentary deputies from the Commonwealth of Independent States to consider ways of co-ordinating their actions following the collapse of the Soviet Union in December.

Most delegates, fluently speaking Russian, which remains the common tongue of the former USSR, cited recognition by other countries as the most important proof of their newly won independence.

"A process of independence has begun and through international recognition a republic gains self confidence," said Mr Ashot Dzhazovian, from the Armenian embassy in Moscow (few republics have embassies further afield).

Indeed the eight – Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan and Uzbekistan – still share most of the characteristics of a unitary state. They have no formal borders, although they have lots of informal trade barriers.

They have no armies, although Armenia and Azerbaijan, are virtually at war over the disputed territory of Nagorno-Karabakh.

With the other seven republics of the former Soviet Union, they share a common currency which, adding insult to injury, even carries the name of a country – the USSR – which no longer exists.

Although richer organisations such as the European Community see a common currency as a desirable goal, some of the former republics, led by Ukraine, see a separate currency as a prerequisite of independence.

Other republics, such as Kazakhstan, are willing to give the rouble a chance to recover, but are taking steps to build up their own currency, gold reserves and central banks in the meantime. Some, such as Armenia, are too poor to establish their own financial systems. Few can afford to have their own armies.

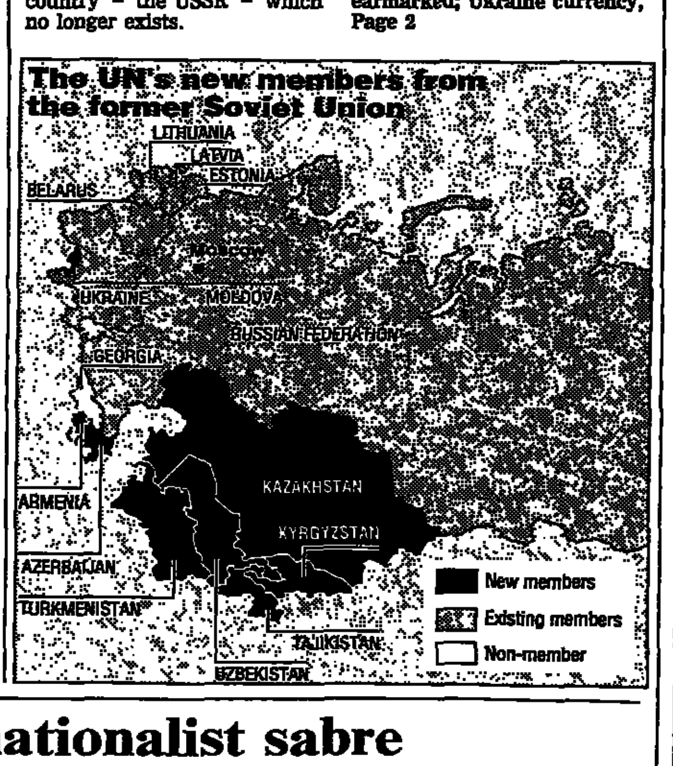
Ironically, the only state to be left without a UN seat after today will be Georgia. It has a much stronger national identity than most republics, but no legitimate government following the overthrow of its president, Mr Zviad Gamsakhurdia.

The three republics which already have UN seats are among those with the greatest problems in adjusting to independent statehood. Ukraine has been beating all records in terms of promoting symbols of independence but its haste in creating its own army may yet split the commonwealth. Plans to issue its own banknotes may trigger a currency war.

Belarus remains the least plausible of the independent states simply because it has no national tradition. Russia, with its centuries-old history, is having trouble extracting a new identity from the ruins of the Soviet Union whose seat it now occupies.

Nagorno-Karabakh war; European Bank loans earmarked; Ukraine currency, Page 2

The UN's new members from the former Soviet Union



Finland to apply for EC entry

By Sara Webb in Helsinki

FINLAND'S centre-right coalition government last night voted in favour of applying to join the European Community. The Finnish parliament will debate the proposal in the middle of next month and is expected to approve making a formal application to join the EC on March 18.

The proposal is expected to receive parliamentary approval as the opposition Social Democrat party is in favour of EC membership. President Mauno Koivisto, who has constitutional responsibility for foreign policy, publicly backed EC membership in a speech before parliament earlier this month.

Finland, which is a member of the European Free Trade Association (Efta), hopes to join Sweden and Austria in parallel entry negotiations.

A recent report commissioned by parliament predicted that EC membership would boost economic growth, create 100,000 new jobs over the next 10 years, and lead to cuts in taxes and consumer prices.

But despite support for EC membership among Finland's leading industrialists and most politicians, the issue has provoked strong opposition among some members of the ruling Centre party. The party traditionally has represented the interests of Finnish farmers, many of whom fear that EC membership will result in job losses and cuts in generous state subsidies to the agricultural sector.

A recent opinion poll showed 51 per cent of Finns favouring EC membership and 40 per cent against it. A poll of Centre party members, however, revealed that 54 per cent opposed membership and only 33 per cent were in favour.

BA merger talks with KLM collapse

Continued from Page 1

38.2 per cent of KLM, but controls a supervisory board which can veto decisions made by KLM's main board. Without a link-up between BA and KLM, the future of heavily indebted Northwest Airlines of the US, in which KLM has a 20 per cent stake, is thrown into doubt. Northwest is strong on Pacific routes but weak in Europe. A three-way tie-up might have helped solve some of its problems.

The collapse of the deal is only the latest in a series of aborted talks involving Europe airlines.

A proposal for BA and KLM to join forces with Sabena, the Belgian state carrier, was blocked by the European Commission last year, while a subsequent attempt to link Sabena with Air France was frozen.

Australian prime minister rattles a nationalist sabre

Continued from Page 1

nese army in 1942 by failing to defend the Malaysian Peninsula, of abandoning Singapore and of attempting to prevent the return of Australian troops to Australia.

The allegations are, in fact, relatively uncontroversial in Australia. Historians have long believed that Winston Churchill gave the defence of Burma priority over Australia. However, such a frontal assault by the leader of a Commonwealth country is likely to have caused the British government to wince.

A small band of Tory MPs sprang to the defence of the realm. Mr John Stokes said: "It is quite untrue to say we deserted Australia in the war. We fought in Malaya and Singapore and many British servicemen were killed. Australia was not attacked by Japan."

Mr Anthony Beaumont-Dark described Mr Keating's behaviour as "thoroughly despicable," saying: "He is trying to use the Queen for what he thinks is his political advantage." The Foreign Office was suitably diplomatic. Mr Keating's remarks, it said, "seem to have been made in a domestic political context and to have been addressed to the Australian opposition".

They may be right. Mr Keating's nationalist sabre-rattling could be a potent vote-winner for Labor if it can depict the conservative coalition as backward looking and ashamed of Australia's developing multiracial culture.

Fewer than than 60 per cent of Australians now have a family link with the UK, compared with about 90 per cent just after the Second World War and nearly 100 per cent in 1901, when the continent's six British colonies achieved independence as a single federal state.

Mr Keating was careful to say he did not expect Australia to become a republic during his period in office, although he expected the monarchy to be abolished "eventually".

The small Australian Republican Movement, which has sprung to prominence since the tabloid attacks began, said it hoped public resentment at British interference would grow into support for constitutional change.

The republicans plan a national convention later this year.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	14	57
Algiers	S	17	63
Amsterdam	S	13	55
Athens	S	13	55
Bahrain	S	18	64
Bangkok	C	30	86
Barcelona	C	13	55
Beijing	S	16	61
Beirut	F	12	54
Belfast	F	8	46
Belgrade	S	6	43
Berlin	S	10	50
Biarritz	S	16	61
Bombay	S	31	88
Bordeaux	S	13	55
Boulogne	C	12	54
Brussels	S	9	48
Budapest	S	10	50
Buenos Aires	F	28	82
Cairo	F	15	59
Cape Town	S	24	75
Caracas	C	27	81
Casablanca	F	16	61
Chicago	S	0	32
Cologne	S	11	52
Copenhagen	C	5	41
Corfu	S	13	55
Dallas	S	7	45
Dublin	F	8	46
Dubrovnik		-	-
Edinburgh	R	8	46
Faro	S	16	61
Florence	F	15	59
Frankfurt	S	10	50
Geneva	S	9	48
Gibraltar	F	15	59
Glasgow	F	9	48
Helsinki	S	5	41
Hong Kong	F	23	73
Innsbruck	S	9	48
Inverness	F	10	50
Islamabad	C	21	70
Istanbul	S	6	43
Jakarta	R	30	86
Jersey	S	10	50
Johannesburg	S	30	86
Lima	C	28	82
Lisbon	F	11	52
London	S	13	55
Los Angeles	S	16	61
Luxembourg	S	9	48
Madeira	F	18	64
Madrid	S	16	61
Majorca	F	13	55
Malaga	F	16	61
Malta	C	15	59
Manchester	F	12	54
Manila	C	31	88
Melbourne	S	18	64
Mexico City		-	-
Miami	S	17	63
Milan	F	9	48
Montreal	Sn	-2	28
Moscow	C	1	34
Munich	S	11	52
Nairobi	S	29	84
Naples	S	16	61
Nassau	F	30	86
New Delhi	S	28	82
New York	C	3	37
Nice	F	11	52
Nicosia	C	13	55
Oporto	F	15	59
Oslo	C	1	34
Paris	C	5	41
Prague	S	10	50
Reykjavik	F	-2	28
Rhodes	S	14	57
Rio de Janeiro	F	32	90
Rome	F	15	59
Salzburg	S	10	50
San Francisco	S	9	48
Seoul	S	15	59
Singapore	S	32	90
Stockholm	S	7	45
Strasbourg	S	10	50
Sydney	S	22	72
Taipei	F	25	77
Tangier	F	17	63
Tel Aviv	F	10	50
Tenerife	S	18	65
Tokyo	S	13	55
Toronto	C	-1	30
Tunis	F	16	61
Valencia	S	14	57
Venice	F	12	54
Vienna	S	9	48
Warsaw	S	9	48
Washington	C	2	36
Zurich	S	8	46

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

A right Royal disaster

The main question for investors after yesterday's bloodbath from Royal is how to value UK insurance companies. Royal's drastic decision to pass the final dividend finally removes what was already a faltering yield prop for its shares. The focus will no doubt switch to net asset values, but judging by yesterday's panicky market reaction, this is hardly a reliable guide either. One need only recall what has happened over the last year in the housebuilding and construction sector – initially drawing comfort from asset values subsequently undermined by land bank write downs – to understand why.

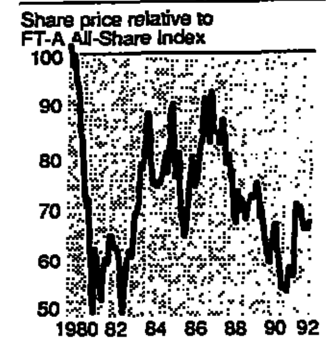
The ignominy of Royal's situation is rubbed in by the fact that at last night's closing price the market considers its once proud non-life business to be virtually worthless. The company's capitalisation of £920m is equivalent to what Royal Life might fetch in a float. To be fair, new management appears to be doing what it can – even purchasing a put option to protect its frail balance sheet from a collapse in UK equities. But the grim fact is that there is no way it can shore up all the risks. Nervousness about Royal's toxic waste exposure in the US may be overdone; the mortgage guarantee liabilities in the UK, however, remain frighteningly difficult to predict. It is sobering that Guardian Royal Exchange – with a mere 2-3 per cent of the market against Royal's 20 per cent share – has already lost more from mortgage guarantees than it did from the October 1987 storms.

Takeover speculation for both companies will doubtless intensify – but investors would be foolish to bank on it. It will be a brave purchaser to take out Royal even at the current depressed price, and there is no evidence anyway of hostile predators in the wings. The sector's recovery will be slow and painful; Royal's figures yesterday demonstrate that the ills can be blamed as much on underpricing and overdistribution at a time of surging claims inflation, as on the short term consequences of recession.

FT-SE Index: 2,562.0 (-3.0)

ICI

Share price relative to FT-A All-Share Index



Source: Datastream

Midland Bank

The question one has to ask about Midland is whether the bank that fell hardest is now the best recovery hope. On an initial reading of yesterday's results that appears to be the case. Thanks to a £107m profit in the second half, Midland has generated the wherewithal to permit a small dividend and still leave over £100m in distributable reserves. Assuming the momentum can be kept up, the bank should be able to produce a fairly rapid recovery in profits. Growth at the net level should be even faster because a substantial backlog of unrelieved Advance Corporation Tax will reduce its tax charge.

The striking thing about the profit swing between the two halves of last year, however, was that it was almost entirely due to the £150m fall in provisions. That does not mean the bank was massaging the charge: its 3.9 per cent ratio of outstanding provisions to lending is high compared with its competitors. But it does expose a disconcerting failure of trading profit to improve in the second half compared with the first.

Admittedly the full year figures do show a 28 per cent improvement compared with 1990, but the second half performance suggests a plateau. Midland has already pared costs to the bone. There is a limit to how much further it can go. On its own admission it cannot risk the quality of its service. The challenge for the new management is thus to keep costs under control while securing a steady increase in income. Only then will it have pulled off the full recovery the market appeared to anticipate with yesterday's 9 per cent surge in the share price.

Williams Holdings

If Williams Holdings did not so obviously relish its maverick status, it might have despaired at the 4 per cent share price fall in reaction to yesterday's 42 per cent increase in pre-tax profits. Its operations, not least Yale & Valor, generated £40m cash and showed resilience in recession. The figures will doubtless appear even more impressive as more companies report.

It is nevertheless hard to quibble with the market's response. It is not convinced that Williams has real momentum after the failed bid for Racal. In addition, the group compounded worries about its attitude to accounting, notably by the £7m extraordinary write-down of its 10 per cent Racal stake. To protect profits thus is at odds with the policy suggested by the Accounting Standards Board. It also raises questions about what will happen if and when the stake is eventually sold. Any profit will have to be taken above the line or Williams will risk another ticking off. Meanwhile, there is an annual £7m carrying cost. Equally damaging was the normally laudable decision to limit the dividend increase in order to re-build cover. Given that earnings will probably fall this year, the policy suggests a maintained pay-out.

ICI

If Imperial Chemical Industries is a bellwether, then yesterday's results contain some gloomy news not only for the UK but for the world at large. The company does not expect a recovery in demand for commodity chemicals till 1993, and then a slow one at that. Though its restructuring programme is running to plan, there is as yet little visible effect on the bottom line. That left pharmaceuticals as the star performer. They account for only 13 per cent of turnover but actually produced over half of group operating profits.

ICI's aggressive restructuring means it is well geared to recovery once the cycle turns. But the delay justifed yesterday's 2 per cent fall in the shares. The current year looks difficult, especially since growth in pharmaceuticals may be slowed by the expiry of the US patent on Tenormin, the highly successful angina treatment.

BA/KLM

It is obviously disappointing that British Airways has not played the orange card. But while it and KLM appear to have been well apart on terms for a merger, the airline alliance could yet have its day. KLM does not have a credible alternative; BA is unlikely to receive a better proposal and can bide its time. Competitive pressures might just bring the two together again again a year from now.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday February 28 1992

INSIDE

SKF tumbles into red from a big profit

SKF, the world's leading rolling bearing manufacturer, suffered a loss of SKr221m ($37.4m) – after financial items – last year. This contrasts with an impressive *profit of SKr1.750bn* for 1990. **Page 14**

Courtaulds Textiles up 4.7%

Courtaulds Textiles, the UK clothing and textile group headed by Mr Martin Taylor (left), *raised pre-tax profits* 4.7 per cent to £42.2m ($73m) and cut borrowings by half last year. "The slight improvement in UK market conditions last autumn has not come to much," Mr Taylor said. "We are not assuming the trading environment will become more helpful to us during 1992." **Page 22**

Williams under fire

Criticism over the accounting polices of Williams Holdings, the UK industrial conglomerate, overshadowed yesterday's announcement of a 42 per cent increase in pre-tax profits for the year to December 31.
Page 20, and Lex, Page 12

Taiwan's sell-off gathers pace

Taiwan's sell-off of state assets is to gather pace in the next few months with the listing of another six public companies and new share issues for some companies which are already listed. **Page 18**

Capital ideas for Swiss

This week will see the first signs of how Swiss companies intend responding to the country's radically revised company law when the annual round of press conferences begins. **Page 18**

Alfred McAlpine shares jump

The share price of Alfred McAlpine yesterday jumped 12p to 205p after the construction, housebuilding and building materials group announced a marginal increase to £9.3m ($16.27m) in pre-tax profits for the year to end-October. **Page 21**

Mixed fortunes for miners

Comalco and Pasminco, two leading Australian mining companies, yesterday reported big losses caused by falling metal prices and provisions against falling asset values. **Page 15**

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Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Daimler-Benz	761.8	+	11.6	Auxil Entrepr	1050	+	50
Kaufhof	514.5	+	9.5	Eurocom	635	+	24
Leifheit	572	+	15	Geophysique	679	+	43
Mercedes Hld	582.5	+	9.5	Orsan	270	+	12.1
Porsche	609	+	13	UAP	581	+	18
Falls				**Falls**			
Lahmeyer	821	–	7	Gaumont Soc N	625	–	25
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Chemical Waste	20⅞	+	1	JEOL	795	+	94
Philips	20¼	+	2¾	Japan Aviation	729	+	54
US Bancorp	22⅞	+	1¼	Konami	3550	+	280
Falls				Nippon Conlux	1580	+	110
Conseco	28⅛	–	2⅜	Mochida Pharm	2920	+	290
Glaxo	28¼	–	⅛	Wakamoto			
Warner-Lambert	64¼	–	4⅜	Pharm	850	+	105

New York prices at 12:30.

LONDON (Pence)							
Rises				Brit Airways	265	–	11
Ashley	42	+	6	Eleco	46	–	5
Brit Aerospace	308	+	12	Glaxo	774	–	20
Drayton Cons	169	+	19	Great Wstn Res	18	–	7
Hogg Robinson	203	+	10	GRE	110	–	9
Kleen-E-Ze	56	+	6	Lonrho	114	–	7
Laing (J) A	165	+	13	RHM	207	–	7
McAlpine (A)	205	+	12	Royal Insce	190	–	36
Mersey Docks	218	+	11	Sun Alliance	271	–	13
Midland Bank	260	+	21	Unitech	204	–	21
Sturge Fisher	91	+	11	Whinney Mackay			
WPP	100	+	20		31	–	6
Falls							
Sr Bud Res	65	–	5				

Jan Timmer warns that the company is 'still far removed from where we want to be'

Philips omits payout despite Fl 981m profit

By **Ronald van de Krol** and **Michiyo Nakamoto** in Eindhoven

PHILIPS, the Dutch electronics group, swung back into profit in 1991, the first full year of its far-reaching restructuring efforts, but the company omitted the dividend for the second year running.

Net profit totalled Fl 981m ($530m) in 1991 compared with a net loss of Fl 4.53bn in 1990, when heavy restructuring provisions produced the biggest corporate loss in Dutch history.

Operating profit, excluding restructuring costs in both years, *rose by 35 per cent to Fl 3bn. Mr* Jan Timmer, president, said that the increase in operating profits had been satisfactory but also noted that the company had faced disappointments and setbacks in its consumer electronics division.

Mr Timmer declined to comment on when Philips would resume dividend payments.

He also warned that increases in turnover and net profit from normal business operations would be limited in 1992 because an economic revival in many industrialised countries was not expected before the end of the year.

In particular, there was little prospect of a recovery in the first quarter of this year in the consumer electronics division, the only core sector which did not see a profit increase in 1991.

Operating profits in the consumer division, which was severely hit by continuing recession in leading markets, fell to Fl 1.01bn from Fl 1.50bn in 1990.

However, Mr Timmer sounded *a positive note on the impact of* the restructuring programme.

During 1991, Philips divested companies with combined turnover of Fl 2.2bn and cut 32,800 jobs, in line with previous forecasts.

"We are not dissatisfied with what we have achieved," he said, but added that the company was "still far removed from where we want to be".

Redundancies would continue to be necessary, but not to the same degree as in 1991.

Philips intended to continue disposing of non-core businesses and those which did not meet performance targets. However, Mr Timmer said he did not plan to sell entire divisions – such as semi-conductors, communications or medical technology – or to reduce the group's stake in PolyGram, its 80 per cent-owned music company.

The sale in 1991 of Philips' mini-computer activities to Digital of the US helped account for the sharp rise in operating income in professional products *and systems.*

Both the components and lighting sectors also posted improved 1991 results.

Mr Timmer stressed the importance of an involvement in the "software" side of consumer electronics, such as music and video distribution, to support its hardware.

Philips plans to make an announcement in the next few weeks about its plans for the future of Super Club, the loss-making Belgian-based video rental chain.

Jan Timmer: would not say when dividends would be paid

Buoyant Kaufhof ahead by 33%

By **Andrew Fisher** in Frankfurt

KAUFHOF, the big German retail group whose activities range from department stores to catering and travel agencies, achieved a one-third rise in profits last year, helped by a sharp expansion of business in east Germany.

Mr Jens Odewald, the chief executive, said that Kaufhof's performance in 1991 would justify a "substantial dividend *increase*".

No actual profit figures are being provided at this stage. In 1990, net profits rose by 12 per cent to DM120m ($72.7m), with the dividend raised by DM2 to DM10.50 on the ordinary shares and DM11.50 on preference stock.

Turnover last year was 22 per cent higher at DM18bn, with the department stores showing growth of 18 per cent to DM6.8bn. Excluding the new east German premises, sales of the store division were 3 per cent higher.

Kaufhalle, the group's stock market listed low-price store chain, achieved turnover growth of 15 per cent to DM2.7bn: excluding new outlets, the rise was 2 per cent.

Rapid growth was shown by the specialist outlets in the areas of home electronics (Media Markt), computers (Vobis), mail order (Friedrich Wenz), and shoes (Reno).

Because of the group's large-scale move into east Germany, its total labour force increased by 25 per cent to 58,200 people.

Retail floor space was 15.5 per cent higher at 1.6m square metres. The group has 831 outlets, including 180 in east Germany and 73 in other countries in western Europe.

Contrasting with the improved performance of the rest of the group, Oppermann Versand, a mail-order promotional gifts company, suffered a 9 per cent fall in sales to DM318m.

This week, a Hamburg court ruled against Kaufhof in its claim for compensation based on alleged misrepresentation of Oppermann's accounts when it bought its majority stake from Mr Jürgen Oppermann late in 1989.

Mr Odewald said Kaufhof would appeal against this ruling. "The claims against Oppermann will be pursued to the last possibility."

The amount claimed in the Hamburg court was DM170m. Kaufhof began its legal action a year ago after the acquisition had fallen into the red.

Full bid by Exor intensifies Perrier battle

By **William Dawkins** in Paris and **Robert Graham** in Rome

THE BATTLE for control of Perrier intensified yesterday when Exor, the holding group controlled by Italy's Agnelli family, launched a full bid for the French mineral water company.

Exor and the Agnellis, who already control 49 per cent of Perrier, are offering FFr1,475 per share for the remainder. That is the price at which Nestlé, the Swiss food multinational, launched its full hostile bid for Perrier last month, valuing the whole of the water group at FFr13.42bn.

However, unlike the Nestlé offer, the Exor bid is unconditional. The Swiss company and its ally, Banque Indosuez, have by contrast reserved the right to drop out if they fail to win acceptances for 50 per cent of Perrier plus one share.

Mr Gianni Agnelli, chairman of the Fiat group and the man in overall charge of the Agnelli family investment groups involved in the battle to acquire Perrier, had earlier indicated that he would offer 2 per cent more than Nestlé for two-thirds of the shares; an option allowed under French takeover law.

It was not clear last night exactly why Exor decided to table a full bid at the same price as the Swiss counterbidder.

A day earlier, a Paris appeals court ruled that Exor, which has direct control of 35 per cent of Perrier, had to launch a bid for the water company. Exor is the subject of a FFr5.6bn agreed offer from the Agnellis, who control another 13.8 per cent of Perrier through Saint Louis, a sugar group.

The ruling was in response to an appeal by the Agnelli camp for an exemption from French takeover rules obliging an investor or group of investors acting in concert to launch a bid once they have bought more than third of a company's shares.

Exor had hoped to be able to offer a lower price, FFr1,235 per share, on the grounds that this was the price at which Saint Louis had bought its stake in Perrier last month.

However, it appears that the Conseil des Bourses de Valeurs, the French stock exchange regulator, decided that Exor must either make a full bid at Nestlé's price, or launch a two-thirds bid at a 2 per cent premium.

Midland moves into the black in second half

By **Robert Peston** in London

MIDLAND Group yesterday bucked the trend of recent bank results by disclosing a sharp improvement in profits in the second half of 1991.

It confounded City of London analysts' forecasts by paying a *dividend, though it is maintain*ing the payment at the 1.7p level paid in the latter half of 1990, when it made a heavy cut. As a result, Midland's share price rose 21p to 260p, adding £165m ($288m) to the value of the bank.

Midland was the last of the big banks to report its results. Although it has made progress, the scale of its charges to cover the risk of bad debts – at £903m – provided final confirmation that 1991 was the worst year since the 1930s for UK banks.

Collectively the four banks – *Midland, National Westminster,* Barclays and Lloyds – have suffered loan losses of £5.6bn.

Midland's bad debt charge was far lower than analysts had been expecting. But on one important measure, it suffered worse loan loss problems than rivals. Its bad debt charge was the biggest of the clearers if measured as a proportion of its UK loans – though it was the smallest in absolute terms.

Separately, Mr Brian Pearse, the chief executive, responded to City speculation that it was *about to merge with another* bank by saying he had no desire to do such a deal. "It is not clear what advantages it would bring", he said.

But he said he had no doubt that rivals would be considering whether to make a takeover offer for Midland, because Midland's share price was so much lower than the value of its net assets. He added that he was sure Midland would be changed beyond recognition in the coming few years, perhaps by combining with another bank, because he is *convinced there are "too many"* financial institutions in the UK and worldwide.

However, Midland's pre-tax profits grew in 1991 from £11m to £36m.

The recovery was particularly striking between the two halves of the year. It made £107m before tax in the second six months – more than National Westminster Bank, which is twice its size – having made a £71m loss in the first half.

The main contributor to the second-half recovery was a *decline in the bad debt charge to* £373m from £530m.

An analysis of the full-year result highlights other trends described as encouraging by Midland's chairman, Sir Peter Walters.

Lex, Page 12
Background, Page 20

Royal Insurance dividend decision depresses shares

By **Richard Lapper** in London

THE MARKET yesterday reacted savagely to the decision by Royal Insurance, the worst hit of the UK's beleaguered insurance companies, to pass its final dividend, marking the company's share down by 16 per cent to 190p.

Royal Insurance has been badly affected by insurance losses from mortgage default, theft, and arson, and posted pre-tax losses of £373m in 1991, nearly double its deficit in 1990.

With its balance sheet severely weakened, it announced yester*day steps to protect the value of* its portfolio of UK equity investments in the event of a decline in the stock market values.

The company bought a put option last autumn which allows it to convert a substantial chunk of its £400m portfolio of UK equities into cash if the market falls below an agreed level.

Mr Richard Gamble, chief executive, said that "the key thing is we are in a recession and coming up to a general election. We simply could not afford the risk of the market going into free-fall."

*The company would not dis*close further details. Mr Gamble said that Royal Insurance had anticipated a run on its stock, but said that the decision by Midland Bank to cut its dividend had added to the pressure.

The passed dividend, which if maintained at last year's level *would have cost £96m including* advanced corporation tax, is part of measures to bolster a balance sheet battered by £220m of weather losses in 1990 and more than £300m of recession-related losses in 1991.

Losses from mortgage indemnity policies – which insure lenders against any loss of value on the sale of repossessed properties – have climbed steeply due to the difficulties of the housing market. They are expected to amount to more than £450 between 1991 and 1993.

Royal Insurance has also reduced the amount of insurance it writes to improve its solvency margin (the yardstick which measures net assets as a percentage of non-life premium income).

Total exposures have been reduced by 10 per cent in the past year. The company has recouped *£166m from the sale of its Dutch* subsidiary, Royal Nederland, to a European joint venture, formed earlier this month with Fondiaria of Italy and AMB of Germany. Those measures have allowed the company to maintain the margin at 34 per cent.

Lex, 12
Analysis, 20

Shake-up helps ICI hold fall to 11%

By **Paul Abrahams** in London

ICI, the UK chemicals giant, yesterday confirmed the world economy's gloomy state when it warned that the commodity chemical cycle might not pick up until next year and a recovery was likely to be gradual.

The company reported pre-tax profits down 11 per cent from £936m ($1.63bn) to £843m for the year to December 31. Sir Denys *Henderson, chairman, said* fourth-quarter results were disappointing and full-year figures could not be viewed as satisfactory. "In the UK, the signs of an upturn are so faint as to be virtually invisible," he said. "Politicians' crystal balls appear rather clearer than ours, which are based on demand from customers."

Sir Denys said there was, as yet, little sign of economic growth resuming in the leading industrialised countries. The company had not been immune to the depressed state of key markets, but the impact had been reduced by vigorous self-help measures, he added.

The company had reduced its head-count by more than 12,000 during 1991, and more than 20 plants and operating sites had been closed. The ongoing ration*alisation programme had added* £140m to the profit figures, said Sir Denys. The company had also sold more than 20 businesses, raising more than £500m. He expected further disposals this year, although not at the same rate as 1991.

Group turnover fell from £12.91bn in 1990 to £12.49bn last year. A 4 per cent fall in sales and adverse currency movements had been offset by increased selling prices and acquisitions.

Trading profits for the last quarter increased 62 per cent from £121m to £193m. Results at the industrial chemicals operations were described as "shocking" by one analyst, as they fell from a £61m profit in the last quarter of 1990 to a £2m loss for the same period last year.

Sir Denys again attacked electricity pricing in the UK. He said *he had been unable to achieve a* satisfactory solution over electricity prices and supply.

The figures for 1990 were restated to meet new accounting procedures. Earnings per share fell 7.2 per cent from 82.3p to 76.4p. The board declared a second interim dividend of 34p a share, the same as last year, making a total 55p for 1991. ICI's shares fell 23p to £12.84.

Lex, Page 12
Details, Page 21

British Gas agrees terms of shake-up with OFT

By Deborah Hargreaves in London

BRITISH GAS will announce details of an agreement with the UK Office of Fair Trading in the next few days that will lead to the company halving its share of the industrial gas market by 1995 and splitting off its pipeline and storage division into a separate subsidiary, the company said yesterday.

The industry retains grave doubts about how British Gas will arrange the sale of significant amounts of its gas to competitors, as is planned by the OFT.

The first gas sales are due to begin in October. Some observers say that without adequate regulation the auction may push prices higher in the UK.

The Office of Gas Supply, the industry regulator, has resisted any deal that would lead to higher prices for domestic and industrial consumers.

British Gas yesterday reported an after-tax profit of £1.16bn ($2bn) for last year. That compares with a profit of £1.21bn in the year from April 1990 to March 1991. Since the company has changed its financial year, comparisons are difficult to make.

Mr Robert Evans, British Gas chairman, said yesterday the company had gained 280,000 customers in 1991 and installed about 500,000 central heating systems in spite of the UK recession.

However, Mr Evans said that the recession had affected some customers' ability to pay and outstanding debt from non-paying customers had risen to £40m from about £30m.

During the year, 150,000 additional customers had been forced by financial difficulties to secure special payment arrangements.

The company said slightly fewer than 1m households now pay by special arrangement. The disconnection rate had dropped, Mr Evans said, to 18,000; the lowest yearly rate recorded.

In April, British Gas will have to work within the confines of a tough new pricing formula for domestic customers imposed by its regulator. Mr Evans said there will be no change in prices in April, "but given another year with low inflation and prices will be down in real terms".

Analysis, Page 22

Lower crude oil prices hit Statoil

By Karen Fossli in Oslo

STATOIL, the Norwegian state oil company, yesterday reported a NKr1.6bn ($25m) decline in 1991 pre-tax profit to NKr12.8bn, caused by lower crude oil prices, losses in petrochemicals and a big fall in refining profits.

The company said it could give no promise of an early recovery in main markets.

Net profit for 1991 was boosted to NKr5.4bn from NKr4.3bn in 1990 due to a non-recurring effect of reforms of Norwegian corporate tax. Without the tax change, Statoil's net profit would have been NKr4.2bn.

Group operating revenue rose by NKr5.9bn to NKr78.3bn, but operating profit was cut by NKr2.5bn to NKr13.5bn. Statoil anticipates a NKr1.4bn dividend payment to the state, down from NKr1.5bn in 1990.

Crude oil production rose by 14m barrels to 138m, helped by strong growth in output from the Gullfaks and Statfjord fields. Statoil noted the price for Brent Blend marker crude averaged $20 a barrel in 1991 against $24 a barrel in 1990.

Exploration and production experienced a NKr1.5bn fall in operating profit to NKr9.3bn, and the natural gas division increased operating profit to NKr3.6bn from NKr2.9bn, helped by higher gas prices and increased volumes of transported gas.

Refining and marketing saw operating profit slide to NKr647m from NKr1.2bn, mainly because of lower crude oil and products prices. Petrochemicals and plastics, the group's worst performer, slid into an operating loss of NKr17m from a profit of NKr718m.

Pirelli plans sale of Condumex stake

By Robert Graham in Rome

PIRELLI, the troubled Italian cables and tyre manufacturer, has decided to sell for $140m its 30.4 per cent stake in Condumex, the principal channel for its Mexican operations, to Grupo Carso, the fast-growing Mexican industrial group controlled by Mr Carlos Slim.

The sale is part of Pirelli's rationalisation plans to offset losses caused mainly by its failed bid last year for Continental, the German tyre manufacturer.

Although Pirelli is reducing fixed investment in Mexico, it has reached a broad co-operation agreement with Grupo Carso which will assure the Italian company privileged status as a "preferred supplier". Pirelli will become a long-term supplier of technology and products in the cables sector through Condumex.

Grupo Carso is now the largest shareholder in Telmex, the recently privatised national telephone company which is committed to a significant expansion programme over the coming years.

● Ilva, the Italian state steel group, has sold a 5 per cent stake in Siderca, Argentina's largest seamless steel tube manufacturer. The sale, mainly placed privately by Morgan Stanley with US and European investors, raised $75m.

Ilva retains some 6 per cent in Siderca, the third largest company capitalised on the Buenos Aires Stock Exchange.

WestLB advances 16% to DM970m

By Andrew Fisher

WESTDEUTSCHE Landesbank, the German regional public sector bank, yesterday reported a 16 per cent rise in group operating profits to DM970m ($588m), helped by favourable interest rate margins and a low increase in labour costs.

The Düsseldorf-based bank said its balance sheet total expanded by 11 per cent to DM225bn. Excluding trading in foreign exchange and securities on its own account, which contributed less to profits than in 1990 - DM143m against DM166m - partial operating profits were 23 per cent higher at DM827m.

WestLB said its earnings on interest rate business were 15 per cent higher last year at DM2.1bn, with commission income, affected by the slower business in securities, 8 per cent higher at DM300m. Labour costs rose by 4 per cent to DM934m, with capital spending 17 per cent higher at DM827m, including construction work and new computer installations.

Group net profits totalled DM195m, a rise of 56 per cent. The bank used part of its income to increase its country risk provisions on foreign lending (including the former Soviet Union).

These now stand at around 70 per cent of the total outstanding.

● BIL GT, Liechtenstein's largest financial services group, reported net income of SFr90.1m ($60.4m), more than double the SFr40.4m in the previous year, writes Ian Rodger from Zurich.

The group, formerly known as Bank in Liechtenstein, was transformed into primarily a fund management group following its acquisition of Britain's GT Management in late 1989.

At the end of last year, it had SFr33.9bn under management, 19.8 per cent up on the previous year-end, putting it in the same rank as Switzerland's largest private banks.

The directors are recommending an increase in the 1991 dividend to SFr13 per share or participation certificate from SFr12.

SKF tumbles into red but sees income improvement

By Robert Taylor in Stockholm

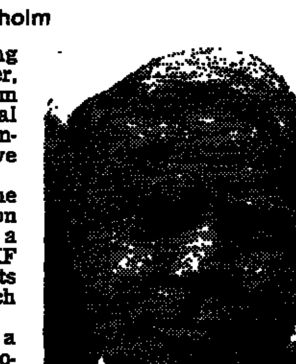
SKF, the world's leading rolling bearing manufacturer, suffered a loss of SKr221m ($37.4m) – after financial items – last year. This contrasts with an impressive profit of SKr1.750bn for 1990.

At the after-tax level the group made a loss of SKr1.17bn in 1991, compared with a SKr1.04bn net profit. SKF blamed the turnround on its Ovako steel operations, which ran up a loss of SKr907m.

SKF predicted that while a significant upturn in the economic climate was not probable for 1922, it expected an income improvement so that the company would show a positive net financial result.

Group sales fell by 5.3 per cent last year to SKr26.3bn from SKr27.7bn with a 10 per cent decline in volumes. The dividend is being held at SKr4.25 per share.

The company announced that its chairman, the 70-year-old Mr Lennart Johansson is retiring and that his post will be taken by Mr Anders Scharp, also chairman of Electrolux and Saab-Scania.



Anders Scharp: will become chairman of SKF

SKF said it had cut its workforce by 11 per cent (about 6,000 people) as it has adjusted its production and inventories since late 1990 to falling demand for its products.

The reduction in personnel combined with a shortened working week resulted in about SKr950m in non-recurring charges against income for the year. As much as SKr250m of that sum related to costs of reducing the labour force by an extra 2,000 this year.

Last December's division of Ovako between SKF and the Finnish Metra group would enable SKF to concentrate on ball-bearing steel production and related special steels and liquidate or sell off other activities outside Ovakos core business.

It added that Ovako would be fully consolidated in SKF's results from this year and this would result in an increase of around SKr3.7bn in SKF's balance sheet.

Repola registers loss of FM1.8bn

By John Burton in Stockholm

REPOLA, the Finnish forestry and engineering group, yesterday reported an unexpectedly large pre-tax loss of FM1.86bn ($413m) for 1991 and halved its dividend to FM0.65.

Repola, which had a profit of FM961m in 1990, predicted results in 1992 would remain poor, although better than in 1991, due to continued market weakness. Sales declined by 5 per cent to FM22bn, while the operating profit fell 63 per cent to FM577m.

Repola blamed its deficit mainly on foreign exchange losses of FM584m stemming from the devaluation of the Finnish markka, as well as restructuring costs associated with its pulp and shipbuilding operations.

All three of Repola's industrial groups posted losses. The United Paper Mills unit had a pre-tax loss of FM775, reflecting a sales decrease for pulp, sawn timber and joinery products.

Rauma, the metals and engineering unit, had a loss of FM609m, while Rosenlaw, the plastic packaging division, reported a loss of FM73m.

● Metsa-Serla, the Finnish forestry group, yesterday reported a pre-tax loss of FM564m for 1991, against a deficit of FM41m in 1990.

It predicted a smaller loss in 1992 due to the devaluation of the Finnish markka, cost-cutting measures and lower prices for wood raw materials.

Norwegian banks' credit losses rise

By Karen Fossli

NORWAY'S banking industry last year experienced credit losses of NKr19.8bn ($3.09bn) in 1991, up from NKr12.3bn in 1990, according to a report released yesterday by the Banking, Insurance and Securities Commission.

BISC, the country's finance watchdog, said the sharp rise in losses was caused mainly by the experience of the commercial banks. It said the banks' volume of non-performing loans rose significantly, particularly those loans to households, while operating costs also increased sharply due to write-offs on securities and property portfolios.

The commercial banks experienced combined credit losses of NKr15.4bn in 1991, up from NKr7.9bn in 1990.

The savings banks posted credit losses of NKr4.4bn in 1991, roughly the same as in 1990.

BISC said the banks' results in 1991 worsened significantly and 15 commercial banks and nine savings banks – comprising the biggest in each group – posted operating losses last year, against nine of each in 1990. The commercial banks' operating losses totalled NKr14.56bn in 1991 against losses of NKr4.72bn, while the savings banks' losses amounted to NKr1.88bn against NKr1.16bn.

Management reshuffle at Bank Austria

By Eric Frey in Vienna

BANK Austria, Austria's largest bank, is pushing through a big top management reshuffle following heavy losses at the bank's London and New York branches.

The bank, formed through the merger of Landerbank and Zentralsparkasse last year, announced on Wednesday that two managing board members, Mr Manfred Drennig and Mr Konrad Rumpold, would step down immediately, while Mr Herbert Cordt, former board member, would leave his post as manager of an energy subsidiary.

Mr Helmut Zilk, Vienna's mayor and chairman of the bank's supervisory board, said the bank might demand financial restitution from the three men.

Bank Austria has already announced plans for a Sch5bn ($431m) charge against 1991 profits, because of losses in the UK and the US.

The takeover of the British leasing company, Sovereign, in 1990 could alone cost the bank Sch1bn. An internal report contends that Landerbank officials should have known that Sovereign was effectively bankrupt at the time.

The three managers were responsible for Landerbank's foreign business in the 1980s. The move removes all Landerbank executives from the board and leaves the management of Bank Austria in the hands of former Zentralsparkasse personnel.

Other Austrian banks are also facing huge losses from foreign loans made during the 1980s. Critics say the banks were poorly prepared for this business and did not apply adequate supervision of their foreign branches.

Kloeckner to pass dividend

KLOECKNER-Werke, the steel and engineering group, will not pay a dividend for the year to September 1991 following a sharp drop in earnings. Kloeckner paid DM5 a share for 1989-90, its first payout in 17 years.

The company expects to report a distributable profit of DM1.5m ($937m) for last year.

INTERNATIONAL COMPANIES AND FINANCE

Bridgestone gives warning as profits slide 15.9%

By Robert Thomson in Tokyo

BRIDGESTONE, the Japanese tyre-maker, reported a 15.9 per cent fall in pre-tax profit to Y76.6bn ($590m) in the year to end December. However, the company forecast that much of *those earnings would be erased* in its consolidated accounts by the continuing cost of digesting Firestone Tire and Rubber, its US acquisition of four years ago.

While the company is yet to finalise its consolidated accounts, Bridgestone indicated that group after-tax profit would total Y7.4bn, a 66 *per cent increase on last year*, but well below the parent company's after-tax profit, which rose 21 per cent to Y62.9bn.

"It is difficult to say how much *of that difference is* directly related to restructuring Firestone, but we estimate that there is a net loss of about $500m for the overseas operations," a Bridgestone spokesman said.

The company is hoping that its US subsidiary, Bridgestone/Firestone, will report a profit this year, but is relying on a recovery in the US economy, and particularly in the car market, to fuel sales.

Parent sales for the year to end December rose 1.7 per cent to Y736.48bn, with domestic *sales* rising 8 per cent to Y551.3bn, despite a downturn in the Japanese car industry last year, while exports fell 14 per cent to Y185.18bn.

Tyre *sales, which account* for 74 per cent of the total, fell 1 per cent, but sales of diversified products, including industrial rubber, chemicals, and sporting goods, rose 10 per cent to Y194.38bn.

The company said tougher competition was expected in the coming year, as the international economy is weak and domestic economic growth has turned down. It said these conditions would mean that extra emphasis will be needed on the development of new technology and products.

For the year to end December, the parent is expecting a 2 per cent increase in sales to Y750bn, and that after-tax earnings will fall to Y40bn.

Anglovaal earnings rise 18% at halfway

By Philip Gawith in Johannesburg

ANGLOVAAL Industries (AVI), the holding company for the industrial interests of the Anglovaal group, did well to increase earnings by 18 per cent in the six months to the end of December against the *background of* very weak economic conditions.

Turnover rose by 8 per cent to R3.96bn ($1.38bn), but tighter margins saw profit before interest and tax restricted to a 3 per cent increase to R368.1m. A decline in profit attributable to outside shareholders helped lift earnings by 18 per cent to R121.5m. Earnings per share rose by 17 per cent to 425 cents.

The results compare favourably with other large industrial groupings to have reported recently, arguably under easier conditions. The share has enjoyed a significant upward re-rating in recent months, from a low of R70 last year to its current level of about R130.

Favourable share ratings formed the basis for AVI and two of its subsidiaries recently raising R785m through rights issues.

The largest contributions to earnings came from Consol, the packaging and rubber company, and National Brands, which is involved in branded, fast-selling consumer goods. Their respective contributions were 27 and 28 per cent.

AVI Diversified Holdings, whose main activities are textiles and engineering, and Irvin & Johnson, the frozen products group, contributed 21 and 20 per cent respectively.

The only laggard was Grinaker Holdings, the technology, electronics and construction company, which contributed only 3 per cent to earnings despite accounting for 25 per cent of group turnover.

The directors expect earnings for the full year to exceed those of the previous year.

Amcor soars 138% in face of recession

AMCOR, the Australian paper and packaging group, yesterday reported a 138 per cent rise in net profits to A$190.7m ($142.8m) for the first half to December from A$80m a year earlier, Reuter reports from *Melbourne*.

Amcor said the result was highly satisfactory given that Australia was in serious recession. Sales rose to A$2.3bn in the half from A$2.26bn.Earnings per share rose to22.5 cents from 16.7 cents,and the dividend is being raised to 14 cents a sharefrom 13 cents.

The profit rise was due to substantial capital spending in recent years, strict cost control, plant rationalisation and expansion into profitable overseas operations.

An abnormal gain of A$78.6m was mainly due to the sale of 22.5m Mayne Nickless shares for A$8.05 a share, which realised a profit for the *group of A$77m.*

Amcor said cash-flow for the period was well ahead of last year and it had about A$200m cash on deposit.

Amcor said it was reaping the benefits of a conservative approach to offshore expansion and was confident of continued improvement in results from its overseas subsidiaries.

Although demand was firm in some segments of Amcor's business, -particularly aluminium beverage cans and business papers, sales volumes in most other product categories showed little change.

Sales for container packaging in Australia, New Zealand and Canada rose 8.1 per cent to *A$679m in the half, while sales* for fibre packaging rose 14.2 per cent to A$600m.

The company said it expected further good results in the *second six months.* "Directors hope to continue the progress made to date and, given no further deterioration in Australian economic conditions, we expect to achieve further good results in the January-June period," it said. "Should economic activity expand, Amcor is poised for a period of strong growth worldwide."

Iscor profits plunge on doubled finance charges

By Philip Gawith in Johannesburg

ISCOR, South Africa's largest steel producer, saw earnings drop by 43 per cent in the six months to the end of December as finance charges compounded the effect of weak domestic and international markets.

Turnover rose by 15.6 per cent to R4.16bn ($1.45bn) on the back of a 5.3 increase in steel sales to 2.94m tonnes. Although local sales decreased by 7.2 per cent, exports were up by 20.6 per cent and contributed more than half of the total, compared with 45 per cent in the same period in 1990.

Income before tax and finance charges declined by 9.6 per cent to R395m, a function of weaker margins, particularly in the saturated international market.

The results took a heavy knock, however, from finance charges, which doubled to R218m from R108m in 1990. Mr *Willem van Wyk, managing* director, said this was the result of a substantial increase in borrowings, necessary to complete important spending projects, on account of lower than expected revenues from iron and steel sales. Attributable earnings dropped by 43 per cent to R171m.

Mr van Wyk said finance charges would be lower in future as the capital expenditure programme was nearly complete.

Looking ahead for the balance of the financial year, Mr Marius de Waal, chairman, said: "There are no signs of recovery in the domestic market, and it is expected that surplus capacity worldwide will continue to depress dollar prices of steel for at least the balance of 1992."

He said no improvement in the earnings trend was forecast. Against this background, the dividend was cut by one-*third to 3 cents a share* on earnings down to 9.2 cents from 16.1 cents per share.

● **Murray and Roberts**, the engineering and construction *group*, lifted attributable earnings by 29 per cent to R96.2m on a turnover of R2.65bn, in the six months to the end of December, up from R2.24bn a year earlier.

Brambles Industries tumbles 13%

By Kevin Brown in Sydney

BRAMBLES Industries, the Australian transport group, yesterday blamed lower interest rates and economic uncertainty in Europe for a 13.2 per cent drop in net profits to A$88.7m (US$66.4m) for the six months to December. Sales *were up from A$1.189bn to* A$1.197bn.

Mr Gary Pemberton, chief executive, said the group expected a similar result in the second half, implying full-year earnings of about A$177m, compared with A$192m in the previous year.

The board declared a fully-franked dividend of 30 cents, up 5 cents on the previous interim dividend, and announced it would reintroduce a discounted dividend reinvestment plan for shareholders. Despite the move, Brambles shares slipped 40 cents to A$16.80 on the Australian Stock Exchange.

Mr Pemberton said the group suffered a fall of A$15m before tax on interest income from its cash holdings of about A$500m. *The trend is expected to con*tinue in the second half as a result of lower interest rates.

Brambles is also expected to reduce its cash deposits to finance the US$257m acquisition of Environmental Systems (Ensco), a US waste management company. The acquisition is due to be completed in mid-March unless it is halted by a legal challenge from some shareholders.

Mr Pemberton said the acquisition of Ensco would complete Brambles' planned expansion of its operations to North America.

He said there were "good grounds for confidence" in the long-term future of Brambles' other US business, a pallet pool being established in a joint venture with GKN of the UK.

Mr Pemberton said Brambles had suffered a "softening" of performance in its European operations. Trading had suffered from uncertainty in France and the UK, but newly-acquired fork lift and heavy lift businesses were contributing to profitability.

Results from its Australian businesses were marginally down on the comparable period of the previous year, but were "pleasing in the face of domestic recession", Mr Pemberton said.

Australian mine groups turn in big losses

By Kevin Brown

COMALCO and Pasminco, two of Australia's biggest mining companies, yesterday reported big losses caused by falling metal prices and provisions against falling asset values.

Pasminco shares were also hit by an announcement that North Broken Hill Peko and CRA each plan to reduce their 40 per cent shareholdings in the company to 19 per cent.

There was better news for the mining sector from Renison Goldfields, the world's largest mineral sands producer, which announced a 20 per cent rise in first-half net profits to A$33m (US$25m), due *to higher* production at the Porgera gold mine in Papua New Guinea.

However, Renison said second-half earnings would be "well below" the first half because of lower gold grades at Porgera and losses on sales of stockpiled mineral sands.

Comalco, a 67 per cent subsidiary of CRA, blamed lower aluminium prices for an 87 per cent fall in net profits to A$21.5m for the year to December. Sales revenue was down from A$2.1bn to A$2bn.

The company made a net loss of A$72.2m after accounting for a net extraordinary loss of A$25.7m, comprising a write-off of A$200m against the carrying value of downstream businesses, offset by a transfer of A$174.3m from the superannuation fund.

Mr Nick Stump, chief executive, said aluminium prices had fallen to their lowest-ever level in real terms during the period. Prices had risen recently, but the company was not confident that the improvement could be sustained.

Mr Stump said Comalco was still considering expansion of its operations at Bell Bay and Boyne Island in Australia, and Tiwai Point in New Zealand, but would go ahead only if market conditions and power costs allowed.

Comalco declared a final dividend of 2 cents, fully franked, compared with 10 cents last year. The *total dividend* is 4 cents, compared with 18 cents in the previous period.

Pasminco said it lost A$34.2m after tax in the six months to December, compared with a profit of A$6.4m in the corresponding period of 1990. Turnover was down from A$877m to A$625m.

It said the loss increased to A$118m after including abnormal losses of A$2.3m relating to redundancy costs and an extraordinary loss of A$81.5m relating to a write-down of its Elura mine, which is to be sold.

Pasminco shares closed 13 cents lower at A$1.41 on the Australian Stock Exchange. The sale of shares was triggered by North Broken Hill Peko, which wants to free capital for investment in projects such as its Kanowna Belle gold mine in Western Australia.

CRA said it had followed North Broken Hill's lead because it did not want to be forced to consolidate Pasminco *in its accounts. The group said* it also wanted to concentrate on its iron ore, coal and aluminium operations. Pasminco did not declare an interim dividend.

The company was formed in 1988 when North Broken Hill and CRA pooled their zinc and lead mines, and smelters. CRA is 49 per cent owned by RTZ of the UK.

See Commodities

INTERNATIONAL COMPANIES AND FINANCE

J C Penney's final-quarter returns cheer Wall Street

By Nikki Tait in New York

J.C. PENNEY, the Dallas-based retail group, yesterday reported a sharp drop in after-tax profits during the final three months of 1991-92. It saw earnings decline from $206m to $37m.

However, the figure was scored after sizeable non-recurring items, which Penney had already announced would have an impact on results in the three months to January 25.

Ahead of these charges, the company's profits rose from $206m to $301m.

This improvement cheered the market, where Penney's shares gained $⅞ to $64.

Sales during the final quarter improved by 2.2 per cent to $5.4bn.

For the year overall, Penney saw sales fall by 1 per cent, to $16.2bn, and net profits – after the $695m pre-tax charge – of $80m. The figure for the previous year was $577m.

Meanwhile, Woolworth – like Penney – also saw final-quarter figures marred by restructuring charges.

It reported a net loss for the 13 weeks to January 25 of $128m, compared with net profits of $149m for the same period a year earlier.

The restructuring charge totalled $250m at the net level.

Woolworth, too, had warned of the charge, but the shares still eased $⅞ to $28½.

Woolworth's sales for the final quarter rose from $3.06bn to $3.14bn, while sales for the year reached $9.92bn against $9.79bn previously.

The annual net loss, after the charges, was $166m, compared with a $317m profit in 1990-91.

Videotron seeks partner to aid British cable TV expansion

By Robert Gibbens in Montreal

VIDEOTRON of Canada is seeking a third partner to help carry the growing cost of its aggressive entry into the British cable TV market.

Mr Andre Chagnon, chairman of Videotron, who moved his communications group into British cable TV three years ago, said France's Cie Généralé des Eaux was one of the potential investors, though he would give preference to a British company.

Videotron, under pressure from the recession in its Canadian broadcasting and cable TV business, owns 63 per cent of the British venture and wants to reduce its stake to 51 per cent. BCE, which controls Bell Canada and Northern Telecom, owns 30 per cent.

The British subsidiary, as an initial step, is investing about US$150m in two licence areas in southern England. It will not become self-supporting for at least another two years, said Mr Chagnon.

Though the investment per subscriber is higher than North America, cable rates are more generous and British cable companies have the right to sell telephone services and increase returns in the future.

The UK operation has about 50,000 cable subscribers and the market potential is estimated at 1m. But to approach such a figure would require several hundred million dollars more in investment.

● National Sea Products, Canada's biggest fisheries company, posted a 1991 loss of C$35.9m (US$30m), or C$1.70 a share, on sales of C$439m because of poor catches and lower processing volume. It lost C$2.2m, or 22 cents, on sales of C$461m in 1990.

The company said the outlook for 1992 was uncertain because of the federal government's plan to cut the northern cod quota from 185,000 tonnes to 120,000 tonnes to protect stocks. Northern cod makes up about one-quarter of National Sea's annual landings.

PWA loss increases sharply

By Bernard Simon in Toronto

PWA Corporation, holding company of Canadian Airlines International, yesterday announced a heavy 1991 loss, bringing the combined deficit of Canada's two main airlines last year to almost C$400m (US$336m).

Mr Rhys Eyton, PWA's chairman, forecast another difficult year in 1992 and confirmed outsiders' predictions that a restructuring of the beleaguered industry was on the cards through rationalisation and alliances with foreign airlines.

PWA's loss was C$161.7m, or C$3.66 a share, up from a C$14.6m loss, or 60 cents, in 1990. Air Canada last week posted a 1991 loss of C$218m. The airline's fourth-quarter loss was C$68.7m, up from C$34.2m a year earlier.

PWA's preferred route has been to find a strong equity partner among the leading US airlines. The company has been rumoured to be in talks for American Airlines to acquire a stake of up to 49 per cent.

But Air Canada has lobbied against greater foreign involvement and appears to favour a merger or some other form of rationalisation involving the two airlines.

The struggle between the two has intensified recently as each seeks to ensure it emerges as the undisputed main carrier.

Air Canada has increased capacity on both domestic and international routes. It has unsuccessfully tried to block a Canadian TV advertisement showing passengers walking from an Air Canada cabin into a Canadian aircraft.

PWA's operating revenues rose by 4.6 per cent last year to C$2.87bn. The operating loss was C$90.4m, compared with a 1990 loss of C$11.7m.

Mr Eyton said that the company had yet to see firm evidence of a recovery.

GE Capital to buy part of Avis Europe

By Martin Dickson in New York

GE CAPITAL, the main financial services arm of General Electric, has reinforced its expansion in Europe with an agreement in principle to buy the vehicle leasing and fleet management business of Avis Europe, the car rental company.

The business being sold is Avis Lease, and GE Capital will acquire the right to use this name. The operation has assets of around $900m and some 120,000 vehicles in 14 European countries. GE Capital declined to say how much it was paying.

Mr Alun Cathcart, chairman of Avis Europe, said its leasing business had seen significant growth rates over the past five years and was expected to enjoy similar expansion over the next several years. However, a company of Avis Europe's size could not handle its likely requirements for future asset finance.

Avis Europe, the continent's market leader in car rental, is a private business owned 65 per cent by Lease International Belgium, 26 per cent by General Motors of the US and 11 per cent by Avis Inc of the US.

GE Capital, the second largest non-bank financial services company in the US, has been gradually expanding into Europe – primarily the UK – over the past two years via acquisitions. It has bought private label credit card businesses from Burton and House of Fraser and a consumer car finance business from Barclays Bank.

However, this is the first European venture by GE Capital Fleet Services, the largest corporate fleet management business in North America, with more than 500,000 vehicles under lease or service management.

Ms Teresa LeGrand, president of GE Capital Fleet Services, said the combination of the two companies would create the foundation for a global vehicle leasing network.

Avis Lease employs around 1,000 people and its largest operations are in Britain, France, Belgium, Italy and Spain. Mr Cathcart said it had a good record of profits and in recent years had seen fleet growth of 15 to 20 per cent in some markets.

Avis Europe was floated off from Avis Inc, its US parent, in a public offering in London in 1986 but was taken private again in 1989.

Tandy to buy back 12m shares in Dutch auction

TANDY, the US electronic products retailer, is to repurchase 12m shares, or 16 per cent of its outstanding shares, through a Dutch auction, AP-DJ reports.

Shareholders will be invited to tender shares at prices not greater than $32 nor less that $27 a share, and to specify at which price they wish to tender.

Tandy will purchase 12m shares at a price within that range. The offer will not be conditional on a minimum number of shares being tendered. The tender offer will expire March 26 unless extended by Tandy.

The company said proceeds from the recent preferred equity redemption cumulative stock (Percs) issue would be used to fund the repurchase.

The company said it was making the offer because it believed that, given Tandy's business, assets and prospects and the current market price of the shares, the purchase was an attractive investment.

Profits dip 9% at National Bank of Canada

By Robert Gibbens in Montreal

NATIONAL Bank of Canada, the smallest of the Big Six, yesterday reported first-quarter net profit of C$49.8m (US$41.8m), or 32 cents a share, down 9 per cent from C$55.3m, or 36 cents, a year earlier.

The bank attributed the decline to the long recession, continuing high loan-loss provisions and higher non-interest expenses due to systems expansion.

These factors were partly offset by the benefits of declining interest rates and good results from the investment banking and brokerage subsidiary.

Return on equity was 11.3 per cent, against 13.4 per cent, and return on average assets 0.53 per cent, compared with 0.60 per cent. Total assets at January 31 were C$37bn, against C$36bn a year earlier.

National Bank, which operates mainly in Quebec, Ontario and the Maritimes, said signs of economic recovery were still meagre, but it is confident the worst is over.

Improvements in all main businesses boosts AIG

By Nikki Tait

AMERICAN International Group, one of the largest US composite insurers, yesterday reported after-tax profits of $1.55bn in 1991, compared with $1.44bn in the previous 12 months.

In the fourth quarter alone, the company made a net profit of $399.8m, against $381.9m in the final three months of 1990. The shares gained $1¼ to $86⅞. The final quarter result includes net realised capital gains of $10.3m against $4m, and the annual figure, $60.7m against $59.5m.

The company acknowledged the business climate had been difficult – pointing to "the continued competitive pricing environment in the domestic property-casualty industry", the US and European recessions, and particular factors that hit fourth-quarter results.

AIG said catastrophe losses in the final three months totalled $47m – compared with zero a year earlier – while restructuring costs consumed $14.5m.

It reorganised its New Hampshire Insurance Company, to concentrate on small and medium-sized commercial business, which resulted in staff reductions and branch office closures. The charge was to cover these measures plus some other staff cuts and organisational changes.

Premiums written during the year overall fell by 1.3 per cent to $9.15bn, with a 6.6 per cent fall in the final quarter.

Despite this retrenchment, AIG said all its main businesses – general insurance, life, and financial services – showed improved operating income.

Bahrain bank back in the black

By Mark Nicholson, Middle East Correspondent

BAHRAIN Middle East Bank (BMB), a Bahrain offshore bank severely hit by the Gulf war, has returned to profit with net earnings of $1.5m for 1991, after losing $38.8m in 1990.

The bank, one of Bahrain's smaller offshore units which has sought increasingly to diversify into US and European markets, set aside a further $1.7m of provisions against its sovereign lending in 1991.

Repsol improves by 4% in an uncertain market

By Tom Burns in Madrid

REPSOL, Spain's state-controlled energy group, lifted its post-tax profits last year by 4 per cent to Pta70.1bn ($680m) after setting aside Pta12.6bn for items such as early retirements and plant closures.

The company said that the results were good in the light of its decision to adopt a prudent accounting criteria.

This decision was in response to an uncertain international oil market, the difficulties of the chemical industry and the development of a liberalised energy market in Spain.

Operating income for 1991 increased by 16 per cent to Pta129bn, despite sharply decreased earnings from the group's chemical interests where income dropped by Pta24bn in 1990 to Pta1.2bn last year.

The company's policy is to pay out dividends of not less than 40 per cent of profits and not more than 50 per cent.

It paid out 42 per cent of its 1990 profits, returning Pta95 per share.

It has already paid an interim dividend on 1991 of Pta44 and the final payout is likely to be decided by Repsol board in April.

INTERNATIONAL COMPANIES & CAPITAL MARKETS

San Miguel posts 57% advance in profits

By Jose Galang in Manila

SAN MIGUEL Corporation, the Philippines' largest industrial enterprise, yesterday reported consolidated net profits for 1991 of 2.81bn pesos ($116m), an increase of 57 per cent from the previous year.

Turnover expanded by 22 per cent in value to 53.3bn pesos despite a decline in sales of many of the beer-and-food company's products.

Sales of beer, which usually account for about 60 per cent of San Miguel's annual turnover, declined in line with consumer demand in the general economic slowdown in the country.

Earnings per share rose to 5.20 pesos from 3.32 pesos in 1990. The board of directors yesterday proposed a 10 per cent dividend, to be presented for approval at the annual shareholders' meeting on April 21.

The company views 1992 with "cautious optimism". Its expansion programme has put on stream additional capacity in its beer, ice cream and soft drinks production.

The 1991 profits growth reversed a 26 per cent decline in 1990 owing to a sharp increase in operating costs, particularly interest payments. The 1991 profits growth rate was also the highest since 1987.

However, non-recurring income contributed substantially to the big rise in profits. The bulk came from the swap of the company's shares in San Miguel Brewery in Hong Kong with new shares, corresponding to a 12 per cent interest, in SHK Hong Kong Industries, which specialises in investing in leading industrial corporations in Hong Kong and Macao.

The higher profits were also the result of improved margins and operating efficiency. Since 1990, the company has been undertaking cost-cutting initiatives, including reducing staff and making prepayments of foreign currency loans to take advantage of discounts.

Germans buy Hungarian tobacco unit

By Nicholas Denton in Budapest

REEMTSMA, the privately-owned German tobacco company, is to acquire Hungary's Debrecen Tobacco Factory, the Hungarian privatisation agency announced yesterday.

The German concern beat three western rivals to take a stake of almost 85 per cent in Debrecen for an undisclosed sum.

Reemtsma plans to supplement Debrecen's Symphonia brand, whose 35 per cent market share makes it Hungary's *second-ranking cigarette*, with some of its own products, which include the West brand.

The move follows purchases in eastern Germany and Slovenia. It also completes the privatisation of Hungary's state-owned tobacco industry by Merrill Lynch, the US brokerage.

In quick succession, British American Tobacco and Philip Morris, the UK and US tobacco multinationals, recently took control of their Hungarian licensees' plants.

Merrill Lynch is also involved in the sale of a majority shareholding in Vegetable Oil Company, one of Hungary's top 10 industrial companies by sales. Announcement of the buyer is expected next week. It is understood that the deal would be worth more than $100m.

Skaugen records NKr170m loss

By Karen Fossli in Oslo

SKAUGEN, one of Norway's biggest shipowners, has made a pre-tax loss of NKr170m ($26.5m) for 1991, against a profit of NKr68m in 1990. Behind the reversal was lower chartering rates for ships and weaker markets, the group said.

Skaugen made an operating loss of NKr95m, compared with a profit of NKr125m. Gross freight income slipped to NKr2.348bn in 1991 from NKr2.383bn in 1990.

Skaugen said a NKr50m charge was made against 1991 accounts to cover restructuring. The company reduced its fleet during the year to 52 ships from 85.

In all, 12 ships were sold last year and another one sold this year. Skaugen owns 22 ships and operates 30 under contract.

"The result for 1991 is not satisfactory," said Mr Erik Gloersen, managing director. He said 1992 would be a difficult year with lower earnings in several of the company's ship divisions.

"We expect an improvement in other areas," he said.

Disappointment at trade figures dampens gilts

By Richard Waters in London and Patrick Harverson in New York

THE advances in European government bond markets of *the past few days* were consolidated yesterday as overnight news of strong demand for the latest US five-year auction brought further support to prices from across the Atlantic.

UK government bonds opened marginally higher, with the benchmark gilt maturing 2003/07 at 116⅝. At that level, the Bank of England's latest "tap" stock – with a 9 per cent coupon maturing in 2012 – was exhausted, having first been offered in early February.

The tap has acted as a ceiling at the long end of the market, and analysts said prices were now free to rise higher – provided the Bank's next tap issues are in medium-term maturities, as traders expect.

The generally positive mood of the gilts market was dampened, although not completely doused, by what were widely seen as disappointing trade figures. A 7.5 per cent fall in exports during January, while imports fell by only 3 per cent, was regarded as poor at this stage of the recession.

By the end of the day, the 2003/07 bond had gained ⅛ of a point on the day, at 116¹¹⁄₁₆, giving a yield of 9.24 per cent.

■ AFTER Wednesday's excitement, the US Treasury market settled down yesterday morning as dealers and investors set about consolidating the previous day's gains.

By midday, the benchmark 30-year government bond was down 1/32 at 101²³⁄₃₂, yielding 7.843 per cent. The two-year note was unchanged at 100 1/32, yielding 5.342 per cent.

The only economic news of the day was the Labour Department's report of a 7,000 increase in the number of people claiming state unemploy*ment insurance during the sec*ond week of February.

The figure was above analysts' forecasts, but there was little reaction from the market, although the data did suggest that the February employment report, due out on March 6, will show evidence of a deterioration in labour market conditions.

In the credit markets, the Federal Reserve arranged a series of overnight matched sale agreements in an attempt to drain money from the system and put upward pressure on the Fed funds rate. By midday Fed funds were trading firmer at 3¹⁵⁄₁₆, but still slightly below the Fed's desired target for the rate of 4 per cent.

■ IN the German government bond market, a sell-off at the shorter end and further buying in longer-dated bonds brought a steepening of the yield curve, indicating a new direction after the heavy buying at the shorter end in recent days.

Analysts said that the move *by investors further down the* yield curve indicated growing confidence in the longer-term interest rate picture. Further indications that the Bundesbank intends to keep short-term conditions tight added to this feeling, even raising the thought in some quarters that interest rates could be set to move higher before they start to fall.

Bund futures eased off late in the day, the March contract on Liffe ending at 88.34 compared with 88.41 at the open.

■ THE firmness in the US Treasury market was leapt on with enthusiasm by the Japanese government bond market yesterday. Having closed at a yield of 5.385 per cent on Wednesday, the benchmark bond No 129 showed a substantial gain at the opening at 5.35 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	99.0151	-1.156	10.15	9.98	10.12
BELGIUM		9.000	06/01	102.2000	-	8.64	8.78	8.62
CANADA *		8.500	04/02	101.1000	+0.550	8.33	8.42	8.33
DENMARK		9.000	11/00	102.9000	+0.250	8.50	8.59	8.45
FRANCE	BTAN	8.500	03/97	99.3499	+0.040	8.65	8.73	8.53
	OAT	8.500	11/02	100.9645	-0.035	8.39	8.45	8.33
GERMANY		8.000	01/02	101.1500	+0.130	7.83	7.93	7.84
ITALY		12.000	02/02	99.3700	+0.200	12.11†	12.27	12.20
JAPAN	No 119	4.800	06/99	95.3537	+0.050	5.70	5.72	5.57
	No 129	6.400	03/00	105.9147	+0.148	5.35	5.38	5.26
NETHERLANDS		8.250	02/02	100.3600	+0.160	8.19	8.33	8.32
SPAIN		11.300	01/02	103.6500	+0.500	10.67	10.77	10.78
UK GILTS		10.000	11/96	102-09	+00/32	9.38	9.41	9.54
		9.750	06/02	103-09	+01/32	9.26	9.32	9.43
		9.000	10/08	99-11	+00/32	9.08	9.13	9.19
US TREASURY *		7.500	11/01	101-04	-1/32	7.34	7.40	7.19
		8.000	11/21	101-23	+01/32	7.85	7.92	7.68

London closing, *denotes New York morning session. Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

OTOB to launch option on power utility

THE Austrian futures and options exchange, OTOB, is launching options on ordinary shares of Oesterreichische *Elektrizitaetswirtschafts* Verbundgesellschaft, the electricity utility, Reuter reports from Vienna.

The OTOB said the company's shares would be the sixth in Austria on which call and put options could be bought or written. They would be launched on March 13, subject to bourse approval.

Options are available on the OTOB on Creditanstalt-Bank*verein preferred shares* and ordinary shares in EVN, the utility, Lenzing, the textile and chemical group, OMV, the oil group and Wienerberger, the building group.

The OTOB said it also planned to launch options on the real-time Austrian traded index (ATX), which currently covers 18 shares, in mid-1992. In the second half of the year it would introduce interest *futures on a synthetic Austrian* bund government bond.

It said the new market had developed more rapidly than expected since its launch last October 4. On February 17, it posted a contract volume high of 16,850 contracts, comprising 14,510 calls and 2,340 puts.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6 10 pm on February 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	105¾	106	+⅛	6.62
ALBERTA PROVINCE 9 3/8 95	600	108⅛	108⅝	+½	6.77
AUSTRIA 8 1/2 00	400	105⅛	105⅝	+⅛	7.57
BANK OF TOKYO 8 3/8 96	100	103⅞	104⅛	+⅛	7.28
BELGIUM 9 5/8 98	250	110⅛	110½	+½	7.55
BFCE 7 3/4 97	150	102⅝	102⅞	+⅛	7.17
BNP 8 5/8 94	300	105¾	106¼	+⅛	5.99
BRITISH GAS 8 3/8 99	350	104⅛	104⅝	+⅛	7.60
CANADA 9 96	1000	107⅝	108⅛	+⅛	6.69
CARCO 9 1/4 96	650	101⅞	102⅝	-⅝	8.70
CCCE 9 1/4 95	300	107⅝	108⅛	+⅛	6.30
COUNCIL EUROPE 8 96	100	103⅞	104⅜	+½	7.00
CREDIT FONCIER 9 1/2 99	300	110½	110⅞	+½	7.51
DENMARK 8 1/4 94	150	104⅞	105⅛	+⅛	6.09
DENMARK 9 1/4 95	1571	107⅝	107⅞	+⅛	6.43
ECSC 8 1/4 96	193	104⅝	105	+⅛	7.12
EEC 8 1/4 96	100	104⅝	105	+⅛	7.02
EIB 7 3/4 96	250	103	103½	+⅛	6.91
EIB 9 1/4 97	1000	109	109⅛	+½	7.26
ELEC DE FRANCE 9 98	200	107⅛	107⅝	+⅛	7.46
EURO CRED CARD TST 9 94	325	103½	104⅛	-⅛	7.45
EUROFIMA 9 1/4 96	100	107	107⅜		7.19
EXPORT DEV CORP 9 1/2 98	150	109⅞	110⅛	+½	7.50
FINLAND 7 7/8 97	200	101⅞	102⅛	+⅛	7.43
FINNISH EXPORT 9 3/8 95	200	107½	107⅞	+⅛	6.96
FORD CAPITAL 9 3/4 97	250	106⅛	106⅝	+⅛	8.25
GEN ELEC CAPITAL 9 3/8 96	300	107⅞	108⅛	+⅛	7.16
GMAC 9 1/8 96	200	104½	105	+⅛	7.78
GUINNESS FINANCE 8 94	200	103½	104	+⅛	6.34
IBM INTL FIN 7 3/4 94	200	103½	104		5.95
IND BK JAPAN FIN 7 7/8 97	200	102⅛	102⅝	+⅛	7.36
INTER AMER DEV 7 5/8 96	200	102½	102⅞	+⅛	7.01
ITALY 8 1/2 94	1500	106	106⅛	+⅛	5.98
JAPAN DEV BK 8 94	150	104⅛	104½	+⅛	5.95
KANSAI ELEC PWR 10 96	350	109⅝	110	+⅛	7.19
LTCB FIN 8 97	200	101⅛	101⅝	+⅛	7.68
NEW ZEALAND 9 94	850	105⅝	106⅛		6.41
NIPPON CRED BK 10 3/8 95	150	108⅞	109½		7.28
NIPPON TEL & TEL 9 3/8 95	200	107⅝	108⅛	+⅛	6.46
ONTARIO 8 1/2 01	600	102½	103	+⅛	8.08
ONTARIO HYDRO 11 5/8 94	200	109⅞	110½	+⅛	6.09
OSTER KONTROLLBANK 8 1/2 01	200	104⅞	105⅛	+⅛	7.73
PETRO-CANADA 7 1/4 96	200	100⅞	101⅛	+⅛	7.06
QUEBEC HYDRO 9 3/4 98	150	109⅛	109⅝	+⅛	7.90
QUEBEC PROV 9 98	200	105⅜	105⅞	+⅛	7.85
SAINSBURY 9 1/8 96	150	105½	106	+⅛	7.64
SAS 10 99	200	105⅝	106½	+⅛	8.89
SBAB 9 1/2 95	500	107½	108	+⅛	6.83
SNCF 9 1/2 98	150	109⅝	110	+⅛	7.53
STATE BK NSW 8 1/2 96	200	103⅛	103⅝	+⅛	7.57
SWEDISH EXPORT 8 3/8 96	700	104⅞	105⅛	+⅛	9.43
TOKYO ELEC POWER 8 3/4 96	300	105⅜	106⅛	+⅛	7.15
TOKYO METROPOLIS 8 1/4 96	200	104⅝	105	+⅛	7.07
WORLD BANK 8 3/8 99	1500	105⅞	106⅛	+½	7.48
WORLD BANK 8 3/4 97	1500	107⅞	108⅛	+½	6.98
XEROX CORPN 8 3/8 96	100	101½	102½		7.95

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN AMRO 8 1/2 96	500	101½	101⅞	+⅛	8.08
AUSTRIA 6 3/4 99	750	94⅝	95⅛	+⅛	7.73
BNP 8 1/4 01	200	102⅝	103⅛	+⅛	7.83
DEUTSCHE FINANCE 7 1/2 95	1000	98⅝	98⅞		7.99
EIB 5 3/4 98	400	90⅛	90⅝	+⅛	7.82
EIB 6 1/4 99	600	91⅞	92⅜		7.81
EUROFIMA 8 3/4 96	400	103⅛	103⅝	+⅛	7.86
FIRST INTERSTATE 5 3/4 96	100	86⅞	87⅛	-⅛	9.69
FORD MOTOR CREDIT 9 1/4 94	300	100⅛	100½		9.10
IND BK JAPAN FIN 5 5/8 96	200	91⅛	91⅝	+⅛	8.18
INTER AMER DEV 9 00	300	107⅛	107⅝		7.84
IRELAND 6 1/2 99	500	92⅛	92⅝	+⅛	7.96
LUFTHANSA INT FIN 5 7/8 98	500	89⅛	89⅝		8.16
NAT BK HUNGARY 10 3/4 98	500	100	100⅛		10.72
SWEDEN 6 1/8 98	500	92⅛	92⅝		7.78
TURKEY 10 3/4 96	500	101	101⅛	+⅛	10.44
WORLD BANK 0 15	2000	22	22½	+⅛	6.56
WORLD BANK 5 3/4 96	300	92⅝	93⅛		7.91
WORLD BANK 8 3/4 00	1250	105⅛	105⅝		7.83

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	91½	92⅛	-⅛	6.81
AUSTRIA 4 5/8 98	100	91⅛	91⅝		6.44
CHUBU ELEC POWER 6 3/4 01	300	100	100⅛	-⅛	6.74
COUNCIL EUROPE 4 3/4 98	250	91	91½	-⅛	6.62
EEC 5 1/2 00	100	91⅛	91⅝	-⅛	6.86
EIB 6 1/2 98	600	100⅝	101⅛	-⅛	6.32
ELEC DE FRANCE 7 1/4 06	100	105⅛	106	+1⅛	6.66
FINLAND 5 3/8 95	150	96⅛		+⅛	6.54
GENERAL MOTORS 7 1/2 95	100	99½	100⅛	-⅝	7.68
JAPAN DEV BK 5 1/2 94	100	97	98		7.20
KOBE 6 3/8 01	240	98⅛	99⅛		6.55
NEW ZEALAND 4 7/8 99	200	90⅛	91⅛		6.68
QUEBEC HYDRO 5 08	100	77⅛	78⅛	-⅛	7.41
WORLD BANK 5 03	150	86⅛	86⅝	+⅛	6.76
WORLD BANK 7 01	600	103⅛	104		6.44

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	99⅛	99½	+⅛	5.17
CREDIT FONCIER 5 1/4 94	20000	99½	100		5.44
DENMARK 7 95	40000	104⅛	105	+⅛	5.20
EIB 4 5/8 94	40000	99⅛	99⅝	+⅛	4.80
ELEC DE FRANCE 5 5/8 96	20000	100⅝	101⅛	+⅛	5.46
FINLAND 6 3/4 96	50000	103⅛	104	+⅛	5.69
INTER AMER DEV 7 1/4 00	30000	109⅛	110	+⅛	5.72
KANSAI ELEC PWR 4 5/8 94	60000	98⅛	98⅝	+⅛	5.43
NIPPON TEL & TEL 5 7/8 96	50000	102	102⅛	+⅛	5.36
NORWAY 5 1/8 95	50000	99⅛	100	-⅛	5.21
SNCF 6 3/4 00	30000	107⅛	107½	+⅛	5.60
SWEDEN 5 5/8 95	20000	100⅛	101⅛	+⅛	5.38
WORLD BANK 6 3/4 00	50000	107⅛	107⅝	+⅛	5.55

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.89
COPENHAGEN TEL 8 5/8 96 LFr	600	98⅛	99⅛		9.21
WORLD BANK 8 96 LFr	1000	96½	97½		9.03
ENERGIE BEHEER 8 3/4 98 Fl	500	102⅛	102⅝		8.29
UNILEVER 9 00 Fl	500	105⅛	105⅝		8.10
ALBERTA PROVINCE 10 5/8 96 C$	500	105⅝	106	+⅛	8.88
BELL CANADA 10 5/8 99 C$	150	106⅝	107½	+⅛	9.32
BRITISH COLUMBIA 10 96 C$	500	103⅞	104⅛	+⅛	8.88
EIB 10 1/8 98 C$	130	105⅛	106⅛	+⅛	8.85
ELEC DE FRANCE 9 3/4 99 C$	275	103⅝	104⅛	+⅛	9.05
FORD CREDIT CANADA 10 94 C$	100	101⅛	101⅝		9.41
GEN ELEC CAPITAL 10 96 C$	300	103⅞	104⅛	+⅛	8.92
KFW INT FIN 10 01 C$	400	104⅛	104⅝	+⅛	9.26
NIPPON TEL & TEL 10 1/4 94 C$	200	105⅛	105⅝	+⅛	9.22
ONTARIO HYDRO 10 7/8 99 C$	500	107	107⅛	+⅛	9.47
OSTER KONTROLLBANK 10 1/4 99 C$	150	105⅛	106⅛	+⅛	9.13
QUEBEC PROV 10 1/2 98 C$	200	105⅛	105⅝	+⅛	9.40
BELGIUM 9 1/8 96 Ecu	1250	102⅛	102⅝	+⅛	8.48
CREDIT LYONNAIS 9 96 Ecu	125	98⅛	99⅛	-⅛	9.43
DENMARK 7 5/8 96 Ecu	250	93	93⅝	-1	9.74
EEC 7 5/8 94 Ecu	200	97⅛	97⅝		9.20
EIB 10 97 Ecu	1125	106⅛	106⅝	+⅛	8.37
FERRO DEL STAT 10 1/8 98 Ecu	500	106⅝	106⅞	+⅛	8.68
ITALY 10 3/4 00 Ecu	1000	112⅛	112⅝	+⅛	8.59
UNITED KINGDOM 9 1/8 01 Ecu	2750	104⅛	104⅝	+⅛	8.37
BP AMERICA 12 1/4 96 A$	100	106½	107	-⅛	10.20
COMM BK AUSTRALIA 13 3/4 99 A$	100	114⅛	114½	-⅛	10.88
EKSPORTFINANS 12 3/8 95 A$	75	107⅛	108⅛	-⅛	9.42
EUROFIMA 14 5/8 94 A$	75	110⅛	111⅛	-⅛	8.97
MCDONALDS CANADA 15 95 A$	100	112⅞	113⅜	-⅛	10.20
NAT AUSTRALIA BANK 14 3/4 94 A$	150	109⅛	109⅝	-⅛	9.37
STATE BK NSW 14 1/4 99 A$	100	115½	115⅞		11.09
UNILEVER AUSTRALIA 12 98 A$	150	107	107½	+⅛	10.38
VOLKSWAGEN INTL 15 94 A$	100	110⅛	110⅝		9.46
ABBEY NATL TREAS 13 3/8 95 £	100	108	108½		10.15
ALLIANCE & LEICS 11 3/8 97 £	100	103⅛	103⅝		10.51
BRITISH GAS 12 3/4 95 £	300	107	107½		9.90
BRITISH LAND 12 1/2 16 £	150	107⅛	108⅛	+⅛	11.87
DEUTSCHE BK FIN 11 94 £	225	102	102⅝		9.76
EIB 10 97 £	536.5	101⅞	102⅛		9.53
FINLAND 10 1/8 97 £	100	101½	102		9.73
ITALY 10 1/2 14 £	400	104⅛	105⅛	-⅛	9.97
LAND SECS 9 1/2 07 £	200	89½	89⅞		10.94
NORWAY 10 1/2 94 £	200	101⅛	101⅝		9.76
ONTARIO 11 1/8 01 £	100	105⅞	106⅛	+⅛	10.10
SEVERN TRENT 11 1/2 99 £	150	104⅛	104⅝		10.56
SKANDINAVISKA ENSK 13 1/8 95 £	100	106⅛	107⅛	+⅛	10.39
TOKYO ELEC POWER 11 01 £	150	106⅛	106⅝	+⅛	9.90
WORLD BANK 11 1/4 95 £	100	103⅛	104		9.80
ABBEY NATIONAL 0 96 NZ$	100	65⅛	66⅛		9.54
BNP 12 96 NZ$	50	108½	109½	+⅛	9.41
CEPME 10 95 FFr	2000	102⅞	103⅛		8.93
ELF-AQUITAINE 9 99 FFr	600	101	101½	+⅛	8.79
EURATOM 7 5/8 98 FFr	500	93⅞		+½	8.92

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALLIANCE & LEICS 0.08 94 £	300	99.56	99.66	10.7675
BANCO ROMA 0.03 01	200	92.63	93.78	4.4050
BELGIUM 1/16 97 DM	500	99.96	100.06	9.5000
BFCE -0.02 96	350	100.22	100.32	4.9175
BNP 05	300	96.63	97.31	5.5625
BRITANNIA 1/10 96 £	150	99.09	99.29	10.7875
CCCE 06 ECU	200	99.91	100.01	10.1563
CITIZENS FED 0.15 96	100	99.45	99.95	5.9625
CREDIT FONCIER -1/16 98	300	100.12	100.22	5.3438
DENMARK -1/8 96	1000	99.62	99.72	5.6875
DRESDNER FINANCE 1/32 98 DM	1000	99.94	100.04	9.5938
ELEC DE FRANCE 1/8 99	400	101.32	102.13	6.0625
FERRO DEL STAT 94	200	100.88	101.26	5.9375
HALIFAX 1/10 94 £	200	99.93	100.03	10.5375
IRELAND 98	300	99.63	99.73	4.4600
ITALY 00	500	100.94	101.16	4.5000
LEEDS PERMANENT 1/8 96 £	200	99.35	99.55	11.0000
LLOYDS BANK 1/10 PERP S 3	600	78.50	80.50	6.0375
MITSUI FIN ASIA 1/ 96	100	99.97	100.09	5.9375
NAT WEST FIN 3/1 95	400	93.00	94.00	5.5000
NEW ZEALAND 1/6 96	250	100.28	100.38	4.8130
RENFE 98	500	100.09	100.19	5.0000
SOCIETE GENERALE 96	300	99.81	99.91	5.6250
STATE BK VICTORIA 0.05 99	125	98.61	98.86	4.3625
UNITED KINGDOM -1/8 96	4000	100.01	100.05	4.2500
YORKSHIRE BS 1/10 94 £	165	99.56	99.66	10.5375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
BURTON GROUP 4 3/4 01 £	110	2.38	129	130⅛	
CHUBB CAPITAL 6 98	250	86	102⅛	103⅛	+34.40
EASTMAN KODAK 6 3/8 01	300	50.67	103⅛	104⅛	+15.16
GOLD KALGOORLIE 7 1/2 00	65	1.0554	85⅛	86⅛	+45.31
HANSON 9 1/2 06 £	500	2.5875	101⅛	102	-20.88
HAWLEY 6 02 PREF	400	19.1	84⅛	86½	
HILLSDOWN 4 1/2 02 £	150	3.97	117⅛	118⅛	
LAND SECS 6 3/4 02 £	84	6.72	83⅛	84⅛	+27.44
LASMO 7 3/4 05 £	100	5.64	76⅛	77⅛	
MITSUI BANK 2 5/8 03	200	2337½	75⅛	77⅛	+28.46
MOUNT ISA FIN 6 1/2 97	100	2.283	96⅛	97⅛	+16.89
OGDEN 6 02	85	39.077	83	84	+35.14
SEGA ENTERPRISES 3 1/2 96	200	13018	105⅛	106⅛	
SMITH & NEPHEW 4 02 £	90	1.775	122	123⅛	+41.54
SUMITOMO BANK 3 1/8 04	300	3606.9	64	65	+29.92
TEXAS INSTRUMENTS 2 3/4 02	300	82⅛	90⅛	91⅛	-89.47
THORN EMI 5 3/4 04 £	103	7.45	121⅛	122⅛	-11.25

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Guinness raises $200m to repay short-term debt

By Simon London

GUINNESS, the UK drinks and leisure group, yesterday raised $200m three-year funding in the international bond market, using the proceeds of the issue to repay short-term debt.

Lead managed by J. P. Morgan Securities, the 6¼ per cent bonds were re-offered to investors at a fixed price of 99.85, where the yield spread over US Treasury bonds was 60 basis points.

INTERNATIONAL BONDS

Many participants in the deal reported good demand for the bonds at this level from buyers anticipating an appreciation by the US currency on the foreign exchange markets.

However, when the deal was allowed to trade freely by the lead manager, the price of the bonds slipped back to 99.75 and the yield spread widened to around 65 basis points.

Most of this lost ground was later recovered as unsold paper was mopped up by firms with better demand, but the softness of the price in the early stages was seen as hampering the progress of the deal. By the close of trading the deal was quoted at 99.82 bid.

The payment date on the bonds is April 6, more than five weeks after the launch date and longer than normal in the Euromarket. This was seen as deterring some institutional investors from buying the bonds, but may have helped Guinness achieve a better swap rate and a lower cost of funds. The proceeds were swapped into floating rate dollars.

Elsewhere, New Brunswick, one of the less frequent visitors to the international bond market among Canadian provinces, had a mixed reception to a C$200m 10-year deal launched via Merrill Lynch.

The bonds carry a coupon of 9¼ per cent and were re-offered to investors at a fixed price of 99.86, for a yield 73 basis points more than Canadian government paper.

The pricing was seen as aggressive by many participants in the deal. Bonds issued by Ontario, which has a credit rating two notches above New Brunswick, trade at a yield spread of 74 basis points over government bonds.

Against this, bonds issued by New Brunswick have rarity value and many participants in the deal anticipated good retail buying for the bonds. The deal was held at the fixed re-offer price throughout the day.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Guinness Finance(a)†	200	6½	101.025	1995	1⅜/0.1	JP Morgan Secs.
ANZ Banking Group(b)‡†	125	(b)	100	1995	27½/10bp	Salomon Brothers
Citibank Brazil(e)†	100	9¼	99.455	1995	1⅜	Citicorp Inv. Bk.
Sumitomo Int. Fin.Aust.(c)‡†	50	(c)	101.875	2002	2	Sumitomo Fin. (Asia)
STERLING						
Skipton B.S (d)†	25	12⅞	100.476	(d)	1⅜	Hoare Govett
CANADIAN DOLLARS						
Prov.of New Brunswick(a)†	200	9¼	101.485	2002	2/1⅝	Merrill Lynch Intl.
YEN						
Mitsubishi Estate(f)†	30bn	8	100.30	1999	(f)	Nikko Europe
Toto(a)†	30bn	5.7	101.625	1997	1⅞/1.575	Yamaichi (Europe)
Sumitomo Metal Inds.(a)†	20bn	5.65	101.25	1996	1⅝/1⅜	Nikko Europe
Sumitomo Metal Inds.(a)†	10bn	5.75	101.75	1997	1⅞/1¼	Daiwa Europe
D-MARKS						
Footwork Intl. Corp(a)♦	60	4.375	100	1996	2¼/1½	Daiwa Eur.(Deutschld.)

**Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon pays 25bp over 6-Month Libor Rate and payable semi-annually. c) Coupon pays 50bp over 6-Month Libor Rate for the first 3 years then 9% fixed thereafter. Coupon payable semi-annually. Non-callable. d) Undated subordinated notes, mandatorily convertible into Permanent Interest Bearing Shares (PIBS). Coupon payable semi-annually. e) Coupon payable semi-annually. Non-callable. f) Fees undisclosed. Non-callable.

Good start to Chicago's DM/Y contract

By Barbara Durr in Chicago

THE Chicago Mercantile Exchange's first non-dollar denominated cross rate contract, on DM/Y futures and futures-options, lifted off smoothly on Wednesday and gathered pace yesterday.

On the first day of trading, the yen-settled DM/Y contract reached a volume of 212 futures and 655 options on futures. By mid-morning yesterday in Chicago, the contract's trading volume was ticking over at 198 futures and 500 options.

Mr Jack Sandner, CME chairman, said at the inauguration of the new non-dollar cross rates contract: "We've realised that the dollar is no longer the centre of the universe."

Last year, the CME's effort to raise interest in a series of dollar denominated cross rate products failed. But the new DM/Y cross rate appears to have a more positive reception. It provides, for example, some arbitrage opportunities with the cash market D-Mark/yen options offered at the Philadelphia Stock Exchange.

The CME has also gathered a group of powerful trading houses to act as market makers under its market incentive programme, which aims to increase liquidity in fledgling contracts.

Radical rejig for Swiss capital structures

Ian Rodger on changes in company law aimed at giving shareholders a fairer deal

AS the annual round of press conferences by big Swiss companies begins this week, the focus in many cases will not be so much on the companies' 1991 financial results as on their plans to overhaul their share structures.

This is because of radical revisions in Swiss company law which come into effect on July 1 and which oblige quoted Swiss companies to be more transparent about their businesses and to bring their treatment of shareholders more in line with accepted international practice.

From now on, for example, all groups must present consolidated financial accounts. Also, fund managers can no longer vote their holdings without first trying to obtain instructions from their clients.

But the most important changes are to regulations regarding capital structures.

At the moment, big Swiss companies offer bewildering combinations of registered and bearer shares of sometimes varying nominal values, some of which are restricted to Swiss nationals, some not. To top it off, some have participation and/or dividend right certificates as well.

Under the new law, dividend right certificates may not have a nominal value and can only be issued without charge as a means of remuneration to founders, directors, shareholders or employees. This rules out the practice of issuing them to raise capital, as Roche, the pharmaceutical group, has done on a massive scale.

Participation certificates may still be issued, but the total nominal value may not be more than twice the the nominal value of the share capital.

Finally, the new law reduces the minimum nominal value for all classes of shares and participation certificates from SFr100 to SFr10. This is of particular appeal to the many Swiss companies whose shares are extremely high priced.

EMS-Chemie, the Zurich fine chemicals group, announced last month it would split its registered and bearer shares to attract a wider group of investors. The bearers now cost a whopping SFr5,300 apiece.

Nestlé, whose bearer shares trade in the SFr9,300 range, has made no secret of its intention to do the same, although it has not yet revealed details.

There has been considerable speculation among Swiss equity analysts about how each company is going to restructure its capital. In some cases, the restructurings could remove the discounts and premiums now attached to different classes of securities, and so offer the investor opportunities for one-off gains.

Darier Hentsch, the Geneva private bank, has published its views recently on what will happen at some of the biggest companies and banks. It forecasts, for example, that Union Bank of Switzerland will split its registered and bearer shares five for one and perhaps force the conversion of the few remaining participation certificates. In this case Darier recommends buying the PCs because they are at a discount to the bearer share.

The Roche case is the most complex. The group now has 1.6m voting bearer shares of SFr100 nominal value and 7m dividend right certificates of no nominal value or voting rights, but with equal right to dividends. The simplest solution, to convert DRCs into PCs, is not possible because the value of PCs would then be more than double the share capital.

However, it is difficult to raise the share capital because a majority of the shares is held by the controlling Sacher family, and it does not have the means to participate fully in a rights issue.

Darier suggests that the company could make a disguised split of the bearer shares, offering three new shares for each one held and adding in a free DRC at the rate of one for every eight shares held. The family could then sell the DRC to finance their participation in the rights, and then the DRCs could be converted into PCs.

Again, the upshot is likely to be more favourable terms for the DRC holders than the current discount would imply, according to Darier.

Mr Thierry Hertig of Darier warns, however, that it is difficult to predict the timing of these changes. Some companies, he says, may make them in two stages, perhaps announcing a conversion of DRCs or PCs this year and a split next.

Taiwan's privatisation programme gathers pace

Luisetta Mudie reports on the progress of the island's plan for selling off state assets

TAIWAN'S sell-off of state assets is to gather pace in the next few months with the listing of another six public companies and new share issues for some companies which are already listed.

The island's privatisation programme has progressed haltingly since 1989, when the ruling Nationalist KMT government's Council for Economic Planning and Development set up a privatisation task force to develop a master plan for the sell-offs.

Official estimates of total revenue from the privatisation programme are around T$1,000bn (US$40bn) by 1996, which the government hopes to channel into its US$300bn National Development Plan, designed to improve the island's infrastructure.

Five state enterprises have been listed: China Steel, China Petroleum Development and three commercial banks. Twelve per cent of China Steel and 21 per cent of China Petroleum Development have been sold by public subscription and allocated by lottery. Foreigners are not permitted to buy in the primary market in Taiwan.

Securities analysts say the initial discount of 40 per cent was unnecessarily wide, as prices have often doubled shortly after issue. However, some have since fallen back and China Petroleum Development has recently been around 5 per cent below the original issue price.

The sell off of Yang Ming Shipping started on February 25. Six companies due to be listed beginning in April are Yang Ming Shipping, Bank of Communications, Tang Eng Iron Works, Farmers' Bank of China, BES Engineering, and Taiwan Fire and Marine Insurance.

Another 15 per cent of China Steel will also be offered, including about US$400m of shares in an international offering underwritten and co-ordinated by Goldman Sachs of the US. As much as half of this will be sold in European markets.

Analysts say that although this next stage in the programme could bring an estimated T$350bn to government coffers, complete government withdrawal from public companies is being impeded both by labour unions and politicians.

Companies selected for privatisation are those which are losing the edge in increasingly competitive industries such as banking, steel and petrochemicals, they say.

Under the current programme, a maximum of 51 per cent of each company will be sold off, so as not to saturate capital markets and in order that the programme should be completed by the year 2000. Although companies with a 49 per cent government stake are technically private, government influence could and would still be brought to bear.

Mr Chen Po-chih, professor of economics at National Taiwan University, says that high remuneration packages for public sector employees and the political cost to the nationalist Kuomintang government of creating redundancies are the main contributing factors to the government's cautious approach.

Mr Chen says that there is a tradition of favour-granting surrounding state-owned enterprises, and those with vested interests are digging in their heels.

Other analysts have criticised the government for not moving fast enough to privatise healthy companies, and for privatising the poor performers too quickly in order to avoid responsibility for inevitable redundancies.

China Steel breaks new ground

CHINA Steel's planned $400m equity offering is likely to be the first sale of global depositary receipts (GDRs) by a Taiwanese company, opening a new avenue for international equity investment in the country, writes Simon London.

GDRs are like the American depositary receipts (ADRs) issued by overseas companies in the US. Shares underlying the receipts are held by a depositary, usually a bank, and the GDRs are traded over the counter.

Currently, equity investors in Taiwan must either buy convertible bonds or invest through one of 16 foreign banks which have been allocated fixed limits for direct investment by the government.

Both routes have drawbacks. There is no legal mechanism for bonds to be converted into equity, so buyers are gambling that new regulations allowing conversion will be introduced before the bonds mature.

Direct investment through approved foreign banks is complex and has not proved popular. Only $350m has been invested in this way, against a total limit of $750m agreed with the government.

Once the China Steel offering has been launched, other Taiwanese companies are planning to launch either GDR or convertible bond issues. President Enterprises, the food company, hopes to make a $100m GDR issue by the summer.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday February 27 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Feb 26 Index No.	Tue Feb 25 Index No.	Mon Feb 24 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (178)	795.86	-0.4	8.31	6.00	15.37	1.41	798.85	795.14	798.29	841.79
2	Building Materials (23)	978.15	-0.8	7.11	6.36	18.95	0.44	985.75	981.29	981.19	1141.72
3	Contracting, Construction (28)	896.53	+0.5	8.88	8.14	16.24	1.32	892.44	887.23	886.07	1358.79
4	Electricals (7)	2441.27	-0.2	10.12	6.14	12.43	1.47	2446.03	2438.73	2457.77	2310.18
5	Electronics (26)	1857.95	+0.6	9.86	4.61	12.85	1.86	1846.22	1820.80	1824.07	1769.07
6	Engineering-Aerospace (8)	331.01	+0.9	12.36	7.85	9.83	5.78	328.02	327.57	328.50	440.22
7	Engineering-General (43)	493.59	+0.6	9.39	4.78	13.15	1.21	490.69	490.82	493.62	423.67
8	Metals and Metal Forming (10)	325.93	-0.6	2.13	10.61	-	0.00	328.00	326.39	328.82	464.32
9	Motors (14)	313.76	-0.4	8.10	7.54	16.41	0.00	314.91	316.45	319.52	338.91
10	Other Industrial Materials (19)	1587.34	-1.4	7.73	5.19	15.35	0.69	1609.99	1602.57	1612.41	1486.09
21	CONSUMER GROUP (188)	1681.55	+0.2	7.14	3.32	17.15	4.74	1678.70	1668.96	1680.69	1351.66
22	Brewers and Distillers (23)	2127.60	+0.5	7.55	3.33	15.97	7.92	2117.29	2117.13	2124.70	1701.44
25	Food Manufacturing (18)	1267.24	....	8.52	4.04	14.48	2.11	1267.60	1265.80	1280.89	1136.50
26	Food Retailing (17)	2692.05	+0.8	8.20	3.08	15.85	4.06	2670.63	2617.42	2619.43	2483.72
27	Health and Household (24)	4338.32	-1.0	6.28	2.39	18.08	15.12	4382.05	4363.25	4420.14	2904.73
29	Hotels and Leisure (23)	1311.17	+0.5	7.10	5.14	17.56	8.54	1304.06	1299.25	1294.99	1300.54
30	Media (24)	1560.20	+0.6	6.27	3.50	20.08	2.97	1550.44	1542.18	1547.90	1337.73
31	Packaging, Paper & Printing (17)	756.01	+0.4	7.00	4.39	17.32	0.22	752.99	751.95	751.91	603.85
34	Stores (32)	1077.69	+1.0	6.85	3.35	19.34	1.91	1066.52	1053.28	1062.63	871.33
35	Textiles (10)	653.63	+2.4	7.03	4.76	18.16	0.53	638.54	635.51	636.80	460.51
40	OTHER GROUPS (116)	1239.54	+0.2	9.76	5.35	12.91	6.41	1237.42	1228.23	1231.60	1145.32
41	Business Services (16)	1397.84	+0.4	7.19	4.69	17.69	0.27	1392.18	1393.65	1403.88	1069.33
42	Chemicals (21)	1505.48	-0.9	6.99	4.86	17.51	0.59	1519.07	1515.35	1518.58	1216.04
43	Conglomerates (11)	1344.72	+0.5	10.61	7.52	11.51	3.18	1337.92	1334.84	1326.62	1525.14
44	Transport (14)	2425.45	-0.4	5.23	4.67	25.24	2.46	2435.20	2415.92	2413.34	2154.25
45	Electricity (16)	1236.63	+1.5	14.66	6.01	8.87	17.21	1218.77	1198.24	1203.95	1124.92
46	Telephone Networks(4)	1420.54	+0.6	11.05	4.41	11.82	16.02	1412.39	1400.53	1410.01	1286.42
47	Water(10)	2488.12	+1.0	17.14	6.39	6.43	0.00	2462.79	2419.41	2429.65	2431.46
48	Miscellaneous (24)	1834.30	-1.0	5.59	5.32	24.45	1.18	1852.85	1843.83	1847.99	1805.48
49	INDUSTRIAL GROUP (482)	1317.63	+0.1	8.15	4.42	15.29	4.43	1316.65	1308.62	1315.38	1166.78
51	Oil & Gas (18)	2055.86	+0.5	9.30	6.91	14.16	36.07	2045.81	2015.81	2021.08	2340.82
59	500 SHARE INDEX (500)	1387.34	+0.1	8.27	4.67	15.16	6.70	1385.72	1376.04	1382.79	1265.57
61	FINANCIAL GROUP (87)	723.54	-0.7	-	6.29	-	2.61	728.51	727.86	727.99	795.63
62	Banks (9)	903.24	-0.3	4.10	5.94	57.98	6.20	906.22	907.83	903.95	862.34
65	Insurance (Life) (6)	1462.90	+0.6	-	5.84	-	0.00	1454.16	1429.81	1432.78	1465.99
66	Insurance (Composite) (7)	465.83	-5.1	-	8.20	-	0.00	491.05	484.91	483.01	690.68
67	Insurance (Brokers) (10)	967.64	-0.3	7.99	6.90	16.46	2.37	970.95	965.23	961.02	1052.82
68	Merchant Banks (7)	470.25	+1.3	-	4.56	-	0.00	464.14	479.68	478.83	406.59
69	Property (33)	735.80	+0.4	7.82	6.17	17.51	0.93	733.19	738.41	753.35	1025.38
70	Other Financial (14)	247.47	+0.4	8.04	7.05	16.42	0.89	246.47	246.11	245.91	274.32
71	Investment Trusts (68)	1191.05	+0.6	-	3.71	-	4.11	1183.93	1177.88	1177.73	1136.39
99	ALL-SHARE INDEX (654)	1229.38	....	-	4.84	-	5.72	1228.94	1221.30	1226.45	1150.01

	Index No	Day's Change	Day's High (a)	Day's Low (b)	Feb 26	Feb 25	Feb 24	Feb 21	Feb 20	Year ago
FT-SE 100 SHARE INDEX♦	2562.0	-3.0	2572.0	2555.1	2565.0	2546.8	2559.7	2542.3	2543.4	2380.9

FIXED INTEREST

	PRICE INDICES	Thu Feb 27	Day's change %	Wed Feb 26	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (26)	122.72	+0.07	122.64	2.03	1.65
2	5-15 years (26)	137.44	+0.13	137.27	1.78	2.94
3	Over 15 years (9)	149.26	+0.09	149.12	2.71	0.88
4	Irredeemables (6)	165.04	+0.19	164.72	2.42	1.14
5	All stocks (67)	135.39	+0.10	135.25	2.00	2.31
	Index-Linked					
6	Up to 5 years (2)	170.05	+0.20	169.71	0.13	1.37
7	Over 5 years (9)	149.65	+0.09	149.51	0.62	0.90
8	All stocks (11)	151.32	+0.11	151.15	0.55	0.95
9	Debs & Loans (62)	118.34	+0.04	118.30	2.01	2.07

	AVERAGE GROSS REDEMPTION YIELDS		Thu Feb 27	Wed Feb 26	Year ago (approx.)
	British Government				
1	Low	5 years	8.53	8.56	9.31
2	Coupons	15 years	9.08	9.09	9.67
3	(0%-7¾%)	20 years	9.08	9.09	9.83
4	Medium	5 years	9.34	9.36	10.19
5	Coupons	15 years	9.14	9.15	10.05
6	(8%-10¾%)	20 years	9.11	9.12	9.98
7	High	5 years	9.57	9.59	10.35
8	Coupons	15 years	9.23	9.24	10.20
9	(11%-)	20 years	9.17	9.19	10.10
10	Irredeemables	†	9.28	9.29	9.98
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.56	3.61	3.68
12	Inflation rate 5%	Over 5 yrs.	4.28	4.28	4.16
13	Inflation rate 10%	Up to 5 yrs.	2.88	2.93	2.24
14	Inflation rate 10%	Over 5 yrs.	4.09	4.10	3.97
15	Debs &	5 years	10.85	10.80	11.99
16	Loans	15 years	10.61	10.60	11.67
17		25 years	10.44	10.45	11.42

♦Opening Index 2565.1; 9 am 2561.0; 10 am 2569.0; 11 am 2570.4; Noon 2564.2; 1 pm 2564.6; 2 pm 2563.5; 2.30 pm 2564.2; 3 pm 2559.4; 4.10 pm 2564.9; (a) 10.40am (b) 3.26pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	65	0	16
Other Fixed Interest	7	1	9
Commercial, Industrial	308	205	964
Financial & Property	131	84	577
Oil & Gas	17	19	56
Plantations	0	2	7
Mines	18	50	82
Others	49	31	51
Totals	595	392	1,762

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
†	F.P.	-	75	61	Capital Industries 1p	61		-	-	-	-
100	F.P.	-	104	99	Exeter Prfd. Capital	102	-½	F0.6	-	0.8	-
-	F.P.	-	39	23	Fleming Japanese Wrrnts.	35½		-	-	-	-
-	F.P.	-	329	329	Genesis Chile Fd Wrrnts	329		-	-	-	-
£10¾	F.P.	-	£12	£10¾	Latin Am Inc & Appr. 1c	£12		-	-	-	-
100	F.P.	-	99	97	Lloyds Smlr Co's Pckg Uts.	98		-	-	4.9	-
38	F.P.	-	39	34	Do. Dividend	37		-	-	-	-
62	F.P.	-	62	57	Do. Capital	60		-	-	-	-
-	F.P.	-	11	¾	Multitrust Warrants	11		-	-	-	-
-	F.P.	-	104	102	Riv & Mrc Tst Inc12 1/2p	103		N9.2	-	11.9	-
-	F.P.	-	122¾	117	Do. Stppd Prf 12 1/2p	122¾		N5.6	-	6.1	-
-	F.P.	-	160	158	Usher-Walker (RFD)	160		5.5	1.3	4.6	21.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	101½p	101p	Bank of Ireland Units Non-Cum Prf A	101p	
10p	F.P.	-	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Camborne Inds. 10½pc Rd. Deb. 2001	105½	
34.71	F.P.	-	35¼	35½	Exeter Prfd. Capital Zero Deb. 2002	35½	
100p	F.P.	-	106p	100p	Fidelity Euro. Values Equity Ln 2001	106p	
105	F.P.	-	110	98	Greencore 9.5% Cnv Un Ln Stk 1995	110	
310p	F.P.	-	457p	434p	Inchcape Non-Int. Bearing Cv Un Ln	448p	+11
100p	F.P.	-	105¼p	99¾p	NatWest Bank 9pc Prf Series A	102p	
♦	F.P.	-	75p	68p	Wembley 6p (Net) Cnv Cum Prf 1999	68p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
205	Nil	30/3	38pm	18½pm	BTP 10p	19pm	-1
105	Nil	3/4	12pm	1¼pm	Bromsgrove Inds.	1¼pm	
415	Nil	20/3	80pm	66pm	ECC	66pm	-13
115	Nil	12/3	16pm	12pm	Porvair 2p	16pm	
58	Nil	30/3	12½pm	9½pm	Senior Engineering 10p	11pm	
350	Nil	5/5	54pm	47pm	Waimoughs	47pm	
30	Nil	11/3	4½pm	2½pm	Wembley 5p	4pm	-½

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Feb. 17
- Last Dealings Feb. 28
- Last Declarations May 28
- For settlement June 8

3-month call rate indications are shown on this page.

Calls in ACT, Berisford Intl., Hanson warrants, Ossory Ests. and Royal Insurance. Puts in Amber Day and Cresta Hldgs.

LONDON TRADED OPTIONS

Option		CALLS Apr	CALLS Jul	CALLS Oct	PUTS Apr	PUTS Jul	PUTS Oct
Alld Lyons (*639)	600	54	64½	82½	8½	22½	28½
	650	23½	38	57½	29½	46½	52½
[illegible]							

Option		CALLS May	CALLS Aug	CALLS Nov	PUTS May	PUTS Aug	PUTS Nov
BAA (*580)	550	50	58	73	11½	19½	24
	600	23	32	47½	33	42	48
[illegible]							
Brit Aero (*308)	300	30	44	45½	20	24	30½
	330	17	27½	-	34	41	-
Eurotunnel (*465)	460	18½	45	53	15½	35	41½
	500	5	26½	38	46½	60	65
Glaxo (*776)	750	40½	78½	102	11½	32½	45½
	800	14	53½	76	36½	56½	68½
Hillsdown (*153)	140	15	24½	25½	2½	6½	8½
	160	3½	9½	11½	9	17	18
Lonrho (*115)	110	9½	18½	19	4½	9½	12½
	120	5½	13	15½	9½	14½	18

Option		CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
Midland Bk (*260)	260	8	21	-	8	19	-
	280	2	13½	-	20	29½	-
[illegible]							

February 27 Total Contracts 28,090
Calls 15,363 Puts 12,727
FT-SE Index Calls 2,486 Puts 3,215
Euro FT-SE Calls 415 Puts 248
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

Stock	p	Stock	p	Stock	p	Stock	p	Stock	p
INDUSTRIALS		Charter Cons.	40	Ladbroke	17	Sears	7½	**OILS**	
Allied-Lyons	55	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼
Amstrad	3	Courtaulds	39	Lex Service	18	TI	48	BP	22
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	50	FKI	5½	Lonrho	20	Tesco	17	Conroy Pet	7½
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3
Barclays	31	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Blue Circle	22	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1
Boots	33	GEC	15	P & O Dfd	34	Wellcome	75	**MINES**	
Bowater	55	Glaxo	70	Racal Elect	4½	**PROPERTY**		RTZ	38
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21		
British Steel	6	GRE	11	Rank Org	45	Land Sec.	38		
Brit Telecom	24	Hanson	18	Ratners	5	MEPC	31		
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½		

FT LAW REPORTS

Tax avoidance scheme is effective

FITZWILLIAM (COUNTESS) AND OTHERS v INLAND REVENUE COMMISSIONERS
Court of Appeal
(Lord Justice Nourse, Lord Justice Staughton and Sir Christopher Slade):
February 19 1992

STEPS TAKEN in a scheme to avoid capital transfer tax are not preordained and do not constitute a single composite transaction so as to defeat their object if there is a real possibility that the scheme may not go through in that, before entering on one of the steps, a participant seeks separate legal advice which may result in her putting forward fresh proposals.

The Court of Appeal so held when dismissing an appeal by the Inland Revenue from Mr Justice Vinelott's judgment quashing their decision that, by application of the *Ramsay* principle, capital transfer tax (CTT) was payable by virtue of a series of transactions affecting the estate of the 10th and last Earl Fitzwilliam, who died in 1979.

LORD JUSTICE NOURSE said that by his will the trustees of the Earl's residuary estate had power for 23 months after his death to appoint capital or income in favour of beneficiaries including his widow, Lady Fitzwilliam, and her daughter, Lady Hastings.

At the end of 23 months the trustees were directed to pay the income to Lady Fitzwilliam during her life, with power to pay capital at their discretion, with an ultimate trust in favour of Lady Hastings.

The 10th Earl died on September 23 1979 aged 75. Lady Fitzwilliam was 81. The net value of the estate was just over £12.4m.

If Lady Fitzwilliam died within 23 months the whole of the residuary estate would attract 75 per cent CTT on the Earl's death. If she took an interest in possession, duty would be payable on her death and would not be significantly less than 75 per cent.

The trustees instructed their solicitors, Currey & Co, to explore all possible ways of avoiding the prospective liability.

Five successive steps were ultimately taken:

Step 1 – On December 20 1979 the trustees appointed that £4m be held in trust for Lady Fitzwilliam absolutely.

Step 2 – On January 7 1980 Lady Fitzwilliam drew a cheque for £2m, post-dated January 9, in favour of Lady Hastings. The £2m was raised by loan appropriated to Lady Fitzwilliam's £4m appointment. The cheque, and a letter signed by Lady Fitzwilliam stating that the £2m was a gift free of CTT, were handed to Lady Hastings by Currey on January 9.

Step 3 – On January 14 the trustees appointed that £3.8m be held upon trust to pay the income to Lady Fitzwilliam until the earlier of February 15 1980 or her death; subject to one moiety in trust for Lady Hastings absolutely and the other in trust for Lady Hastings contingently on her being alive at date of determination of the income interest.

Step 4 – On January 31 Lady Fitzwilliam, in consideration of £2m, assigned Lady Hastings her interest in the income of the contingent moiety.

Step 5 – On February 5 Lady Hastings settled £1,000 on trust to pay the income thereof to Lady Fitzwilliam until her death or March 15 1980, and subject thereto, on trust as to both capital and income for Lady Hastings absolutely. On February 7 Lady Hastings assigned her reversionary interest in the vested moiety to the trustees to be held by them as an addition to her settlement.

If Mr Justice Vinelott's decision stood, CTT at a very high rate on assets worth £7.8m would have been avoided.

The *Ramsay* principle was drawn from the House of Lords decisions in *Ramsay [1982] AC 300, Burmah Oil [1982] STC 30, Furniss v Dawson [1984] AC 474* and *Craven v White [1989] AC 398*.

In *Furniss v Dawson [1984] AC*, Lord Brightman said: "There must be a preordained series of transactions; or ... one single composite transaction."

The taxpayers' primary argument was that the steps were not preordained and did not make up a single composite transaction.

In *Craven v White* Lord Keith said that in ascertaining the legal effect of the series of transactions, it was relevant to take into account that "all the steps in it were contractually agreed in advance or had been determined on in advance by a guiding will".

Lord Oliver said the concept of a "single indivisible composite whole" might be summed up by asking whether at the material time the whole was already "cut and dried".

He said one essential was that when the inserted step was entered into there should be "no practical likelihood" that the pre-planned events would not take place. Lord Jauncey suggested "no real likelihood" as the appropriate test.

For many years prior to the Earl's death the partner in Currey who had looked after his family affairs was Mr D G Bosanquet, assisted since 1970 by his partner, Mr N R D Powell. By the time of the Earl's death Mr Powell had taken over responsibility for his affairs generally. He was solely responsible for all tax planning aspects. Mr Bosanquet continued to look after Lady Fitzwilliam. From October 18 1979 Mr Powell instructed junior counsel, Mr Robert Walker.

On about January 14 1980 another partner, Mr N W Smith, agreed to advise Lady Hastings. On January 18 Mr Smith instructed Mr Mark Herbert of counsel to advise Lady Hastings.

The Commissioners concluded that the five steps taken to implement the CTT avoidance scheme satisfied the *Ramsay* conditions. That could only be supported if participation of both Lady Fitzwilliam and Lady Hastings was at the material time "cut and dried"; or if they were, in Mr Justice Vinelott's words, "mere actors in a play reading a prepared script".

The Commissioners found that Lady Fitzwilliam gave Currey *carte blanche* to make all necessary tax arrangements. They said that Lady Hastings, unlike her mother, had no difficulty understanding the advice given. On one matter she took an active part in a discussion with Mr Smith on January 22 and expressed some views of her own.

The Commissioners' findings demonstrated that Lady Hastings had both an understanding and a will of her own. The inference that her participation was on January 14 cut and dried, or that it was insupportable that she was a mere actor in a play reading a prepared script.

It was enough for the taxpayers' purposes that the inference should be rejected in the case of Lady Hastings alone.

The Crown argued that there was a preordained scheme as from January 3 when Mr Walker dictated the necessary steps and a timetable for them over the telephone to Mr Powell.

In the very breath in which he had dictated the steps and the timetable, counsel had suggested that serious consideration be given to Lady Hastings being advised by another partner and possibly by separate counsel.

That suggestion was followed within the fortnight. Different proposals might have been put forward on her side.

None of the tests for preordainment expressed in *Craven v White* was satisfied.

There was no "guiding will". Lady Hastings's participation was not "cut and dried". It could not have been said that there was no "practical" or "real" likelihood that the scheme would not be completed.

The Commissioners found that Mr Powell's intention to implement the scheme at each step must be attributed to Lady Hastings.

Mr Powell's "intention" to implement the scheme was qualified by the suggestion, apparently acted on by January 14, that Lady Hastings should receive separate advice, and by a consequential recognition of a real possibility that the scheme proposed would not go through.

Such a qualification was fatal to application of the *Ramsay* principle. Accordingly, on January 14, when step 3 was taken, it was not preordained that Lady Hastings would participate in steps 4 and 5.

Even as a single composite transaction none of the steps would have produced the fiscal results for which the Crown contended. The CTT legislation did not apply to any of the composite transactions contended for by the Crown.

The appeal was dismissed. Their Lordships gave concurring judgments.

For the taxpayers: Robert Walker QC and Mark Herbert (Currey & Co).

For the Crown: Robert Reid QC and Christopher McCall QC (Inland Revenue solicitor).

Rachel Davies
Barrister

BUSINESS LAW

Burning question of unfairness

By A H Hermann

In few countries is "fair" such a hallowed concept as in the UK. Indeed, this English word has been adopted in most languages as a convenient label for behaving in good faith and without seeking undue advantage from a stronger bargaining position or exploiting technicalities of law.

Yet English law is almost alone in not recognising a general and overriding duty of performing contracts in good faith and fairly, a principle which is of crucial importance in the legal systems of all civil law countries and of a number of common law countries, including the US, Australia and New Zealand.

An optimistic view of this dichotomy has been best expressed by Lord Justice Bingham in 1989 in the case of *Interphoto Library v Stilleto.*

After pointing out that the civil law principle of good faith means a great deal more than that the parties ought not to deceive each other, he said: "English law has, characteristically, committed itself to no such overriding principle but has developed solutions in response to demonstrated problems of unfairness."

To this one must add that it does not do so always and that many such burning problems of unfairness remain unanswered.

These problems are likely to become less tolerable after the ratification by the UK of the UN Convention on International Contracts for the Sale of Goods. This convention, which came into force on January 1 1988, has now been ratified by 30 states, including all leading trading partners of the UK. *Seven more are in the process* of ratifying it and, in a year or two, the total number of ratifications is expected to reach 50.

Although the traditionalist faction of UK's legal establishment is opposed to it – partly because the convention, like all products of compromise, has a number of weaknesses, and partly because of an irrational fear of novelties – ratification by the UK appears to be almost unavoidable for the simple reason of business expediency.

In deference to the feelings of the UK's negotiators, the convention does not say explicitly that contracts governed by it must be interpreted and performed in good faith, but it achieves almost the same result by providing (in Art. 7/1) that it should be interpreted with regard to the need "... to promote ... the observance of good faith in international trade".

Once it is ratified, the convention will provide for international contracts of sale governed by English law – as it already does for contracts governed by laws of 30 other jurisdictions – common rules likely to enhance the certainty of the contract clauses and the correct understanding of them by sellers and buyers trading in different countries.

The weaknesses of the convention need not cause any alarm as the parties will have the possibility of opting out of the convention or, better still, to supplement it by incorporating into their contracts standard terms of their own choice. One such set of terms, designed for this purpose, will shortly be published by the Centre for Commercial Law Studies of the Queen Mary and Westfield College in London.

There is yet another reason why one should not be shy of the convention. The resurgence of masochistic traditionalism among English judges, which followed the retirement of Lord Denning, is now receding. It is being reversed by the ascendancy of judges who look beyond the narrow confines of English law and are guided by Lord Reid's 1963 dictum that "the common law ought never to produce a wholly unreasonable result ... ".

This new generation includes, but is not limited to, Lord Griffith and Lord Goff in *the House of Lords, Lord Donaldson*, the Master of the Rolls, Lord Justices Bingham and Steyn in the Court of Appeal, and by Chancery judges represented by Mr Justice Warner and Mr Justice Hoffmann. There are many more, and this narrow selection of names reflects only a relatively small number of decisions which have caught the public's attention recently.

As a rule, the views of judges must be gleaned from their judgments as they are not much given to public speaking. However, one of them, Lord Justice Steyn did speak up recently on the hot subject of the role which good faith and fair dealing have in contract law, when delivering the 1991 Royal Bank of Scotland Law Lecture at the University of Oxford.

The *straitjacket of the medi*eval literal interpretation of contract clauses has been despised for centuries and the struggle of English judges to loosen it found a reflection in Shakespeare's Merchant of Venice: Portia is the portrait of an ideal English judge.

Had she been really Venetian, she would have had no need to seek an artificial construction of the contract; in real Venice, influenced by Roman law, Shylock's petition would have been thrown out without much ado, seeing that the contract was *contra bonos mores*, and could not be performed in good faith.

It is because these two notions are still anathema to traditionalists that judges, who do not want to preface their judgment by the hateful phrase "with the greatest regret ... ", have to, Portia-like, force the facts so as to achieve a just result in spite of the ridiculously rigid doctrine.

Relying on his experience in the resolution of international trade disputes, Lord Justice Steyn concluded that by using a roundabout route an English Court reached, as a rule, the same result as a foreign court applying the principle of good faith, but that "... in a number of cases the rule requiring good faith has enabled the foreign court to adjust relations between the parties more equitably than an English court in similar circumstances".

The striving for a fair and just solution, notably by Lord *Denning during his long ten*ure of the office of the Master of the Rolls, led to piecemeal introduction of the concept of good faith and fair dealing in the statutory law, particularly by the Unfair Contract Terms Act 1977.

It is ironical that the one contract requiring under common law "the utmost good faith" from both parties, has been excluded from the impact of this statute by the operation of the powerful insurance lobby.

Lord Mansfield, one of the most European of English judges (he was a Scot), attempted in 1766 to extend the requirement of utmost good faith to all contracts. His view was soon rejected and the label of "utmost good faith" remains attached only to the contract of insurance. But even here, as *Lord Justice Steyn pointed out*, the label does not correspond to reality.

This misleading description is attached to what is probably the largest body of contracts in which businesses as well as individual citizens face a party with an incomparably greater financial muscle than they possess and which may easily bring financial ruin on those who take it to court.

The scales were loaded against the insured by the Court of Appeal in the 1984 case of *Container Transport Inc v Oceanus Mutual Underwriting*, when it was held that repudiation of the contract of insurance by the insurer is justified by any non-disclosure of relevant facts which the insurer would take into account even if it was so minor and innocent that it would not affect his decision.

This ruling was based on the restatement of common law in the Marine Insurance Act 1906, but, as Lord Justice Steyn pointed out, it was equally applicable outside marine insurance law.

"It is difficult to understand," he said, "why an underwriter should be able to avoid a contract for non-disclosure, when he would have written the risk anyway.... Moreover, how can avoidance on grounds of a non-disclosure, which was causally irrelevant ... be squared with the proposition that the parties owe each other reciprocal duties of utmost good faith? *And why should an insured's* position under a contract of utmost good faith be less favourable than under the general law of misrepresentation which requires proof of actual inducement?"

Why is this part of the English insurance law so difficult to reconcile with duties of good faith and fair dealing? Victtorin Cornel ze Vsehrd, a 16th century Czech jurist, provided the answer: "Law is a thin cobweb, a beetle breaks through but a fly is caught."

The author is D J Freeman Senior Research Fellow in International Trade Law at Queen Mary and Westfield College, University of London.

Acquisition helps Williams rise to £168m

By Roland Rudd

CRITICISM OVER the accounting polices of Williams Holdings, the industrial conglomerate, overshadowed its announcement of a 42 per cent increase in pre-tax profits for the year to December 31.

Just over £40m of the increase to £168m (£118m) was due to last year's acquisition of Yale & Valor, the security products company.

However, average margins of 17 across businesses ranging from household and building products to engineering and electronics, ensured that Williams still increased pre-tax profits by £10m without counting the contribution from its most recent acquisition.

Sales rose to just over a £1bn (£833m) although earnings per share only increased by 5 per cent to 22.8p (21.8p). Yet the shares fell by 12p to 313p mainly because of a debate over its accounting policies.

Following the group's failure to win control of Racal Electronics last December Williams is treating its 9.98 per cent stake in Racal as a short-term fixed asset. The Racal shares – which it bought at an average of 55p and which are now trading at 56½p – are being valued in Williams' balance sheet at 50p and the associated write-down of £7m is being taken as an extraordinary item against reserves rather than profits.

Some analysts argued that since conglomerates are in the business of acquiring other companies the write-down on the Racal stake should have been taken above the line. Stockbrokers James Capel also questioned Williams' decision to take a £10m write-down on the closure of its Banbury conservatory manufacturing company as an extraordinary item, arguing that it would have been more prudent to classify it as an exceptional item.

However, as a discontinued business, Williams said it was right to classify it as an extraordinary item. In all, extraordinary items came to £23.3m – which included £6m of losses arising from its bid for Racal Electronics.

Mr Brian McGowan, Williams' chief executive, strongly defended his right to take the write-down on the Racal shares below the line. "This was a one-off case, not to be repeated. If we sell the shares and make a profit that will also not benefit the profit and loss account."

However, the new accounting rules may force Williams to take any profit it makes from selling its Racal stake above the line.

Apart from the disappointment of a dividend of 12.35p – only just up on last year's 12p – the group's management of the businesses, with its attention to return on sales, was well received by most commentators.

See Lex

Tarmac plans to redeem some Amps

By Maggie Urry

TARMAC, Britain's biggest construction and building materials concern, was yesterday the latest company to announce plans to redeem some of its auction market preferred stock (Amps).

The announcement follows the decision by ECC Group, the china clay company, to redeem $350m (£200m) of Amps financed by a rights issue.

Tarmac's credit rating is currently under review by the US agencies and analysts expect it to fall. Mr Terence Mason, finance director, said that since the review was announced, dividends set on its Amps through the regular auctions has risen to as high as 120 per cent of US commercial paper rates.

With its current single A rating Tarmac's Amps have a maximum dividend of 125 per cent of commercial paper rates, but if its rating fell to BBB the maximum would be 175 per cent.

Tarmac plans to repay $150m of the $300m it issued in October 1990 when it bought out the minority of Lone Star Industries, its US subsidiary. The group has sufficient unused dollar borrowing facilities to cover the redemption and will pay lower interest rates on it.

The other $150m is connected to a long-term swap transaction and will not be redeemed. Tarmac's shares rose 1p to 119p yesterday.

Midland bad debt level confounds City

By Robert Peston

THE CORRIDORS of Midland Group's majestic City of London headquarters echoed to the sound of its bankers touching wood yesterday, as one after another mused about the likelihood of their bank being on the road to recovery.

The group's 1991 pre-tax profit of £36m, up from £11m in the previous year, was far better than City analysts had been anticipating. The widespread expectation was that Midland would make a thumping loss and withhold a dividend payment for the second half of the year.

But Midland paid out a second interim of 1.7p, making 3.4p for the full year – though this is sharply down on 1990's 9p.

Indeed the extent of any recovery should not be exaggerated. The dividend was drawn from reserves in both years, since there were losses per share of 6.2p in 1991, sharply reduced from 24.7p previously.

The principal reason for the turnround was the fall in the second half of the year in the charge for bad and doubtful debts to £373m, compared with £530m in the first half. The fall was a particular surprise to analysts, since Midland was thought to have made a loss of about £60m on its loans to the Maxwell empire. This decline also bucked the trend at the other clearing banks.

Bad debt charges consist in part of loans that have been written off, because the bank has severed a relationship with a customer and there is no prospect of recovery. However, another element of the charge is a provision against possible losses on loans where there may be a prospect of some repayment.

In the latter case, banks and their auditors have to use their judgment about the magnitude of likely losses. Mr Brian Pearse, Midland's chief executive, insisted that the bank was not being too optimistic in reducing the bad debt charge.

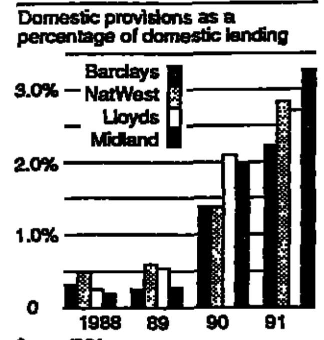
His explanation for the fall was that Midland had made heavy charges in the second half of 1990 and the first half of 1991 – in other words, he believes that Midland predicted the likely trend to bad debts earlier and better than the other banks.

It is difficult to make a meaningful comparison between the bad debt charges made by different banks, because the statistics they disclose are not compiled on the same basis. However IBCA, the rating agency, believes that Midland's charge for bad UK loans in the whole of 1991 may indeed have been higher, as a percentage of its UK loans, than the other banks, as the accompanying table shows.

Midland's declining bad debt charge meant that it made a pre-tax profit of £107m in the second half of the year, compared with a £71m loss in the first half. However, Midland's trading profits before bad debts were £468m in the latter half of 1991, down from £480m in the first half.

UK clearers

Domestic provisions as a percentage of domestic lending



Source: IBCA

Sir Peter Walters, the bank's chairman, pointed out encouraging trends in the full-year performance.

Operating expenses, at £2.38bn, were held at almost exactly the same level as in 1990, largely because staff numbers were reduced by 4,900, or 9 per cent, over the past 18 months.

Midland also enjoyed 7 per cent growth in net interest income, which was almost twice as fast as any of its main rivals. Part of the reason was that over the past two years the bank has adjusted the structure of its borrowing and lending rates for UK personal customers and small businesses, having for several years tolerated an interest rate structure less profitable than those of its rivals.

Growth in service charges, fees and other banking income was up 9.8 per cent – significantly slower than at Barclays and NatWest, though twice the rate of Lloyds' growth.

Bad debts meant that the core UK bank made a loss of £147m before tax, up from last year's £46m. But there was a strong contribution of £109m, up from £79m, from the corporate and investment banking businesses grouped together in Midland Montagu.

Midland's newest business, First Direct – a branchless bank providing its services by telephone – now has 200,000 customers. Sir Peter said if the costs of winning new accounts were excluded, First Direct was now profitable – thereby confounding the analysts again.

Thomas Cook declines 68% to £8.9m

PROFITS of Thomas Cook, the travel subsidiary of Midland Bank, fell 68 per cent to £8.9m pre-tax for the 1991 year. Turnover rose 6 per cent to £429.6m, writes Michael Skapinker.

The results were a sharp contrast to those of other large tour operators – such as Airtours and Owners Abroad – which recently reported large profit increases. The operators gained increased market share following the collapse last year of Mr Harry Goodman's International Leisure Group. Thomas Cook, however, provided £2m in exceptional costs resulting from refunds and alternative holidays offered to ILG customers. The company was also badly affected by the Gulf war and the downturn in business travel.

Mr Peter Middleton, chief executive, said many companies had instructed travelling employees to book cheaper classes of airline tickets. Thomas Cook also suffered from corporate customers' financial difficulties. A further £8m exceptional provision was made against bad debts and travellers' cheque fraud.

Mr Middleton said the company had continued to expand in continental Europe. It had invested in new businesses in the Netherlands and Belgium, expanded operations in Germany and opened its first office in Prague. He added that the company was interested in buying the 50 per cent stake in Thomas Cook Travel in the US that was owned by companies associated with the late Mr Robert Maxwell.

Foreign & Colonial assets and dividend up

By Philip Coggan, Personal Finance Editor

FOREIGN & Colonial Investment Trust has increased its final dividend by 11.6 per cent, a greater rise than had been forecast at the interim stage. The shares rose 2½p to 174½p on the news.

The investment trust, the UK's largest, said that the increase reflected its strong revenue position, rather than any confidence in the prospects for future dividend growth.

"It may well be that in the 1990s, it will prove impossible to increase dividends and net assets at the same rate as in the 1980s" said Mr John Sclater, chairman.

In 1991, the trust's net assets per share grew by 21.6 per cent, outperforming the FT-A All-Share Index.

F&C benefited from its decision to borrow money and invest in the weak equity markets of 1990.

Net assets per share at end-1991 were 184.5p, compared with 151.7p at end-1990. Earnings per share were 3.38p (3.29p) and total net assets were £969.4m (£797m).

The final dividend was 2.12p (1.9p), making a total of 3.19p (2.9p), the 21st consecutive annual increase.

At the end of 1991, the trust's portfolio was split in assets terms between; the UK (41 per cent); US (27 per cent); Japan (9 per cent); Far East (3 per cent) and Europe (18 per cent).

F&C uses the foreign exchange markets to mismatch its asset and currency exposure. In currency terms, it had a relatively greater exposure to Japan and Europe than it had in asset terms.

The trust was the first to introduce a savings scheme and it said it had passed the 50,000 shareholder mark early this year. Private investors now own 35 per cent of the company.

Mr Michael Hart, joint manager of the trust, said that he was "fairly hopeful about the UK market. It is lowly rated, although the big uncertainty is the election. If the Conservatives win, everyone will be cheered up and interest rates will come down."

Mr Hart was optimistic about Europe which will benefit from an eventual fall in German interest rates and regarding Japan, he said the position "looks pretty terrible on the surface, but we are doing some cautious buying."

Royal Insurance loss at £373m

By Richard Lapper

THE EXTENT of the damage inflicted on Royal Insurance by the recession became clear yesterday when the company reported pre-tax losses of £373m.

Recession-related underwriting losses of £545m (£313m) in the UK were the most serious black spot, overshadowing reduction in costs and improvements in underwriting in the group's international operations.

The continuing weakness in the housing market and high levels of mortgage default in the UK are generating Royal's most serious problems.

Losses from domestic mortgage indemnity policies – which cover lenders against any losses they might suffer following the sale of a repossessed property – amounted to £257m in 1991 (£10m).

Royal, which has about 20 per cent of the UK market, paid £66m (£23m) in actual claims, with the bulk of the losses mainly the result of a steep increase in provisions against future claims.

This follows a change in accounting procedures last year when the the company opted to provide for claims as soon as repossessions occur rather than after the sale of a repossessed property.

The change means that effectively 21 months of claims are included in the figures for the year. Royal said last year that it had revised its estimates of future claims a further £150 to £200m in 1992 and 1993.

The company has also been hit by a rise in recession-related claims. Despite an increase in rates on commercial lines business – ranging from between 10 per cent rises on packaged commercial policies to 23 per cent increases for motor fleet business – underwriting losses in the UK climbed during the year.

Losses on commercial property insurances rose to £54m (£32m), commercial packages £17m (£13m), motor fleets £39m (£37m) and marine and aviation £59m (£30m).

Bright spots in the UK included – – a fall in the cost of subsidence claims to £64m (£126m)

Outside the UK the overall picture is much brighter. The US subsidiary made a pre-tax profit of £3m (£89m loss), Royal International £2m (£13m loss), and Royal Canada increased its profit to £35m (£30m).

DTI criticises BOM chairman

By Vanessa Houlder, Property Correspondent

INSPECTORS appointed by the Department of Trade and Industry have expressed "strong disapproval" of some aspects of the conduct of Mr Michael Lucas, chairman of BOM Holdings, a retailer and property developer that has gone into liquidation.

Overall, however, they found that Mr Lucas "worked very hard on behalf of BOM's shareholders in an honest endeavour to turn BOM once more into a profitable company."

The Stock Exchange was criticised for its initial approval of a defective rights issue circular in December 1988. But the inspectors concluded that the blame rested principally with TC Coombs, which "failed in its responsibility as a sponsoring broker". The Stock Exchange was "wholly justified" in stopping the rights issue three weeks later.

The DTI launched an investigation into BOM in February 1990 after numerous complaints from shareholders perturbed by the company's failure to produce accounts for the year to January 1989 and its agreement to sell land at a price thought to be less than its true market value.

Some shareholders had alleged that Mr Lucas had an undisclosed interest in the land sale.

The DTI's report dismissed the allegations of fraud and said that the price agreed for the land was fair. But it criticised a corporate video made by the company in October 1988 which estimated the value of the land with planning permission at between £75m and £100m.

Mr Lucas was also criticised for not disclosing transactions in BOM shares in which he was interested.

The controversial sale was not completed and the land was sold at auction by a mortgagee for £1.8m in May 1990.

The inspectors said that unless claims against third parties were successful, shareholders have no prospect of receiving any money for their shares.

Drayton Cons seeks advice

By Norma Cohen

DRAYTON Consolidated, an investment trust specialising in unquoted companies, yesterday said it had sought professional advice on the future of the trust.

The announcement follows reports that institutional shareholders are seeking to remove Invesco MIM as managers.

The advisers, County Natwest and Cazenove are to conduct a valuation of the trust's assets with the assistance of auditors and make recommendations which could include plans to wind up the trust completely.

However, because the value of many of the smaller unquoted companies has suffered in the current recession, a full wind-up is not considered likely.

Drayton Consolidated said other options included liquidating part of the company and passing cash to shareholders. Currently the shares are trading at a 55 per cent discount to net asset value of about 350p.

The shares, of which 90 per cent are in the hands of institutions, fell further recently following the trust's announcement that it had written off nearly £20m it had invested in Alma Holdings. Alma represented Drayton's second largest unquoted investment.

Emap favourite to buy MBC

By Raymond Snoddy

EMAP, the newspaper, magazine and exhibitions group, last night emerged as favourite to buy Maxwell Business Communications from Price Waterhouse, the administrator.

The fast-growing group is believed to have entered into detailed negotiations with PW in advance of an expected announcement.

The 70-strong MBC group, part of Maxwell Communication Corporation, attracted considerable interest. A number of the bidders were only interested in part of the group which also includes an interest in exhibitions.

Emap has made a bid for all of MBC in partnership with Mr Brian Gilbert, a former chairman of MBC. It is expected that after the deal is complete the partners will divide up the parts in which they are most interested. Emap would almost certainly be interested in the exhibitions and in titles such as Architect's Journal and Media Week.

The bidders included a management buy-out team and Associated Newspapers, publisher of the Daily Mail.

Cabra Estates' loss widens to £11.3m

By Jane Fuller

CABRA ESTATES, the property company which may evict Chelsea Football Club from its west London ground if it does not pay £22.85m for the site, yesterday reported a pre-tax loss of £11.3m for the six months to September 30, compared with £5.23m.

On turnover reduced to £11.4m (£25.5m), Cabra made a small profit, before interest payable of £3.48m and exceptional charges of £8.41m for property write downs.

In addition, a £10m cut in the value of Stamford Bridge, where Chelsea play, went straight to the balance sheet.

Cabra said this left a net asset value per share of 17.13p making total assets of £16.5m. Net debt, which is on demand, remained at about £52m, according to Mr John Duggan, chairman. He said Cabra had the support of its bankers.

Losses per share, after a £474,000 tax credit, were 11.34p (5.81p) and the interim dividend is passed (0.1p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Brit Assets Tst ....int	1.04☆	Apr 7	1	-	4.04
British Gas ....fin	6	July 1	8.75	10.25‡	12.5
Burlington ....fin	0.5	Apr 10	0.5	0.5	0.5
Cabra Estates ....int	nil	-	0.1	-	0.1
County Smaller ....int	1.125	Mar 31	-	-	-
Courtaulds Text ....fin	8.8	May 11	8.3	13	12.3
Eleco ....int	2.3	May 8	2.3	-	4.6
Foreign & Colon ....fin	2.12	Apr 3	1.9	3.19	2.9
Grafton ....fin	3.75♣	Apr 16	3.5	6.25	6
Green Property ....fin	2.6♣	Apr 1	2.3	3.8	3.5
ICI ....fin	34	Apr 27	34	55	55
Isotron ....int	1.37	May 8	1.25	-	3.59
Macro 4 ....int	5.14	May 5	3.825	-	11
McAlpine (A) ....fin	5.8†	-	5.8	10.3	10.3
Midland Bank ....fin	1.7	May 22	1.7	3.4	9
Murray Intl Tst ....fin	3.4	May 22	3.36	10.9	10.2
Royal Insurance ....fin	nil	-	14.75	11.25	26
Whinney M-Lewis§ ...int	nil	-	0.75	-	2
Williams Hldgs ....fin	7.35†	Apr 29	7.25	12.35†	12

Dividends shown pence per share net except where otherwise stated. †On capital increased by rights and/or acquisition issues. §USM stock. ‡For nine months. ♣Irish currency. ☆First interim.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Arcadian, Butte Mining, Goodwin, Hong Kong Inv Trust, Minerals Oils & Resources Shares Fund, Seet, Sime Darby, Waterman Partnership.

Finals- Capital & Counties, Cluff Resources, Craton Lodge & Knight, Greenwich Resources, Ranger Oil, Tribune Inv Trust.

FUTURE DATES

Interims-

AB Electronic .... Mar. 31
Boots .... Nov. 12
Thorpe (FW) .... Mar. 2

Finals-

Enterprise Oil .... Mar. 12
Evered Bardon .... Mar. 12
Gresham Telecomputing .... Mar. 3
Peek .... Mar. 17
Readymix .... Mar. 5
Suter .... Mar. 16
Templeton Galbraith .... Mar. 4
UniChem .... Mar. 19

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 28/2/92: Pool purchase price £/MWh	Final Prices for Trading on 31/1/92: Pool purchase price £/MWh	Final Prices for Trading on 31/1/92: Pool selling price £/MWh
00:30	17.06	17.18	17.18
01:00	17.10	17.46	17.46
01:30	17.74	17.98	20.38
02:00	17.74	17.98	20.38
02:30	17.27	17.20	17.20
03:00	17.27	17.19	17.19
03:30	17.08	17.19	17.19
04:00	17.05	17.16	17.16
04:30	17.04	17.13	17.13
05:00	17.04	17.14	17.14
05:30	17.02	17.15	17.15
06:00	17.03	17.15	17.15
06:30	17.04	17.16	17.16
07:00	17.08	17.47	17.47
07:30	17.99	19.33	21.78
08:00	17.99	19.67	22.14
08:30	18.18	21.15	23.66
09:00	18.67	21.28	23.85
09:30	20.46	25.77	28.49
10:00	20.45	25.81	28.53
10:30	20.46	25.71	28.41
11:00	19.26	25.61	28.30
11:30	19.26	21.82	24.38
12:00	19.26	21.80	24.35
12:30	19.26	19.72	22.20
13:00	18.93	19.66	22.14
13:30	18.18	19.46	21.89
14:00	17.09	19.38	21.82
14:30	17.07	17.49	17.49
15:00	17.07	17.47	17.47
15:30	17.08	17.20	17.20
16:00	17.08	17.19	17.19
16:30	17.08	17.52	17.52
17:00	17.08	21.50	24.61
17:30	18.16	32.43	36.53
18:00	19.22	33.20	37.31
18:30	20.56	31.32	35.01
19:00	20.56	22.89	25.62
19:30	19.97	21.01	23.51
20:00	18.18	20.16	22.61
20:30	18.18	18.67	21.08
21:00	17.40	17.51	19.90
21:30	17.08	17.31	17.31
22:00	17.05	17.16	17.16
22:30	17.04	17.13	17.13
23:00	17.04	17.12	17.12
23:30	17.02	17.06	17.06
24.00	17.02	17.06	17.06

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Alfred McAlpine shows modest advance to £9.3m

By Andrew Taylor, Construction Correspondent

THE SHARE price of Alfred McAlpine yesterday jumped 13p to 205p after the construction, housebuilding and building materials group announced a marginal increase to £9.3m in pre-tax profits for the year to end-October.

Profits in the previous 12 months amounted to £9.2m. The rise was in line with forecast made by the group when it announced its £39m rights issue last April.

Mr Graeme Odgers, chief executive, said that profits could rise further in the current year provided that the recent improvement in the group's housing division was sustained.

He said that the profits improvement stemmed from lower costs, reduced interest charges as a result of lower borrowings and a reduction in provisions made against housing land and developments.

Even so, McAlpine was only able to pay a maintained final dividend of 5.8p – making a a same again total of 10.3p – by raiding reserves.

After all deductions the group incurred a total loss of £2.3m. This was struck after an extraordinary provision of £3.9m, mainly to cover further losses and write-downs in the concrete block business which is currently up for sale.

Mr Odgers said that this was a substantial improvement on the previous year when the group made extraordinary provisions of £39.5m for a total loss of £35.7m.

"We believe that there should be no further provisions. We have reorganised substantially the business and management of the company and have improved the balance sheet. Gearing has been been reduced from 60 per cent 18 months ago to about 5 per cent including off-balance sheet finance.

"Given that the dividend, before extraordinary items, was covered 1.4 times, on earnings of 14.1p, we felt that we should maintain payments to our shareholders, particularly after a rights issue," said Mr Odgers.

A breakdown of profits after interest showed that construction made £13m against £13.3m; housebuilding incurred a £1.2m loss (£1.9m loss); building materials made a £4.2m (£3.2m) profit while US profits fell from £3.9m to £2.3m.

● COMMENT

The sharp rise in McAlpine's share price recognises the big improvement in management since Graeme Odgers arrival. He has done all the right things in reducing borrowings, reorganising and cutting fat from central management overheads and weeding out poor performing businesses. In the current year margins on housebuilding will continue to benefit from cheaper land prices while the switch of £35m of debt from sterling to dollars will assist finance costs. On the other hand construction profits are expected to fall sharply while building materials and US operations will at best remain flat. If the group makes £10m this year – which some analysts believe is optimistic – the shares will be on a multiple of 17 which looks a little high given that there are better pure housebuilding recovery stocks around.

Macro 4 improves 14% to £3.8m

Increased turnover and profits in its overseas subsidiaries enabled group turnover and pre-tax profits at Macro 4, the independent software company, to rise by 9 per cent and 14 per cent respectively in the six months to December 31. This was in line with the board's expectations, said Mr Terry Kelly, chairman.

Taxable profits advanced to £3.83m (£3.37m) and were struck on turnover of £8.83m (£8.1m). Earnings rose to 11.5p (10.1p restated) and the interim dividend is lifted to 5.14p (3.825p).

Mr Kelly said that the UK had continued to be "a cautious and nervous marketplace against a depressed economic background". Longer purchase decision cycles were also noticeable in Scandinavia and Australia.

Pharmaceuticals produce 52% of trading profits with strong growth in new drugs

ICI divisional alchemy only partly working

By Paul Abrahams

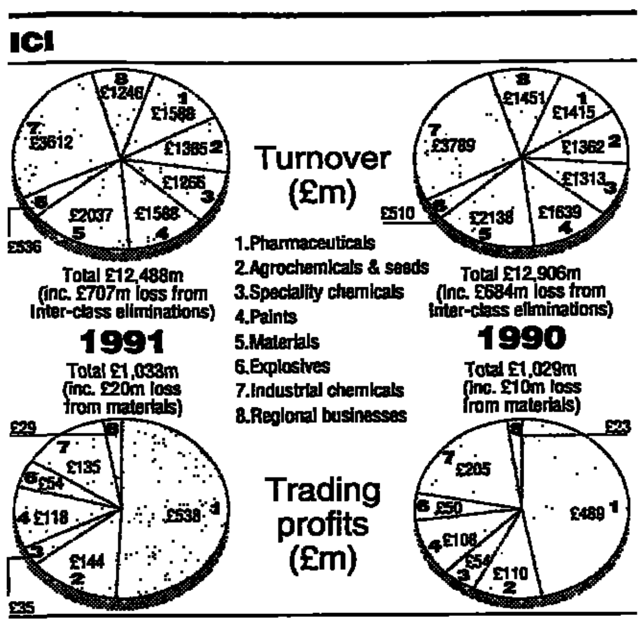
ICI's DIVISIONS reported widely differing performances last year. While pharmaceuticals and paints achieved record profits during 1991, the performance of the core speciality chemical operations were described by Sir Denys Henderson, chairman, as poor.

The pharmaceuticals operations increased trading profits by 10 per cent from £489m to £538m on sales of £1.59bn (£1.42bn). The business generated 12 per cent of group turnover and 52 per cent of trading profits.

Sales growth of ICI's three newest drugs, Zestril, Zoladex and Diprivan, averaged more than 50 per cent last year, said Mr Ronnie Hampel, ICI's new chief operating officer. He said the pharmaceuticals performance had been particularly strong in the US which now accounted for 47 per cent of sales. About 10 per cent of the US growth had been achieved by increasing volume and only 2 per cent through price rises.

Sir Denys admitted that worldwide government pressure on pharmaceutical prices was of concern, but that its effect remained unclear. Spending on pharmaceutical research and development was £220m in 1991 and was likely to rise to £250m this year.

Trading profits in agrochemicals and seeds grew from £110m to £144m in spite of difficult market conditions. The business had continued to benefit from cost reductions, said Mr Hampel. Turnover remained stable at £1.36bn.



The paints business had enjoyed a record year, he said. Trading profits increased by 9 per cent, from £108m to £118m, thanks to cost reductions and improved margins within the context of weak markets everywhere except in the Asia-Pacific region. Turnover fell from £1.64bn to £1.59bn.

Explosives produced a profit of £54m (£50m) in spite of depressed conditions in the US and European mining and construction industries, said Mr Hampel.

The core specialties businesses' profits fell 35 per cent to £35m (£54m) on turnover of £1.27bn (£1.31bn). Both colours and surfactants experienced further deterioration in their main markets.

Nevertheless, Quorn, the vegetarian meat substitute, had exceeded its development targets following its launch in the UK, Belgium and the Netherlands. The company was looking for partners, possibly in the food industry, to exploit Quorn on a worldwide basis.

Materials reported increased losses of £20m (£10m). Turnover fell from £2.14bn to £2.04bn. Mr Hampel said that was not acceptable. Rationalisation continued in the fibres and films businesses. Margins in the fibres business were not strong enough to produce satisfactory results, he added.

Trading profits at the industrial chemicals operations were down 34 per cent to £135m (£205m) on turnover of £3.61bn (£3.79bn). The company said that reflected reduced sales volumes and margins in the chemicals and polymers businesses which had been partly off-set by profit from Tioxide, acquired in December 1990.

The group's 1990 turnover figure was restated to reclassify ICI's share of a provision for the Tioxide Group as an exceptional rather than an extraordinary item. The company said that was to meet the clarification of the accounting treatment of restructuring costs issued by the Accounting Standards Board. It had the effect of reducing 1990 pre-tax profits from £977m to £936m and earnings per share from 87.9p to 82.3p.

Ashley Ashwood

Ronnie Hampel (left) and Sir Denys Henderson: looking for partners to exploit Quorn worldwide

ICI

1991 Group Results

Summary

Profits in 1991 benefited from good results in Pharmaceuticals, Agrochemicals, Paints and Explosives and vigorous action to reduce costs overall. Profit before tax for the year was £843m, a decrease of £93m on the restated profit for 1990. Pre tax profit in the fourth quarter was £140m, £97m above the same period in 1990.

	Fourth Quarter		Year	
	1990*	1991	1990*	1991
Turnover	£3,087m	**£3,046m**	£12,906m	**£12,488m**
Profit before taxation	£43m	**£140m**	£936m	**£843m**
Earnings per £1 Ordinary Share	1.2p	**11.9p**	82.3p	**76.4p**
Dividends per £1 Ordinary Share	–	–	55.0p	**55.0p**

*Restated to reclassify as an exceptional item (and therefore charge against profit before taxation) the fourth quarter 1990 extraordinary charge of £41m pre-tax, relating to restructuring the Tioxide business - see column 3.

A summarised Group profit and loss account is given in the next table.

Full Year

Group turnover in 1991 was 3% lower than in 1990. Lower sales volume (−4%) in industrial markets world-wide and adverse exchange movements (−2%) were partly offset by increased local selling prices (+1%) and the effect of acquisitions less disposals (+2%).

Bioscience trading profit increased by £83m to £682m in 1991. Pharmaceuticals had another record year; strong growth in the newer products led to a profit increase of 10% to £538m. Agrochemicals also performed well in mixed market conditions with profit benefiting from lower costs.

Cost reduction programmes in Specialty Chemicals and Materials helped to offset the effects of the recession but results were still unsatisfactory. Paints and Explosives had a good year despite weak conditions in many markets.

In Industrial Chemicals trading profit declined by £70m to £135m despite lower costs. This reflected much reduced sales volumes and margins in Chemicals & Polymers, partly offset by profit from Tioxide, following its acquisition in December 1990.

Income from associated companies decreased from £154m to £30m due to the disposal of ICI's shareholding in Enterprise Oil plc in 1990, the consolidation of Tioxide results within trading profit in 1991 and the difficult market conditions experienced by European Vinyls Corporation.

Fourth Quarter

Cost-cutting measures helped most businesses to counter the lack of demand experienced in many world markets. Pharmaceuticals recorded strong growth and results in Agrochemicals, Specialties and Materials also improved compared with the same period in 1990. Further weakness in trading conditions in Industrial Chemicals led to a loss in Chemicals & Polymers which was offset by the inclusion of Tioxide results. Performance in Regional Businesses was unsatisfactory, most of the £25m profit in the quarter being due to disposal gains in Asia Pacific.

The trading results of the Group for the fourth quarter and year 1991, subject to to completion of the audit, together with comparative figures for 1990 as restated, are as follows:

Fourth Quarter 1990 (Restated) £m	Fourth Quarter 1991 £m		Year 1990* (Restated) £m	Year 1991 £m
3,087	3,046	**Turnover**	12,906	12,488
121	193	**Trading Profit**	1,029	1,033
112	144	After providing for: Depreciation	525	549
11	−4	Income from associated companies	154	30
−41	–	Exceptional items	−41	–
−48	−49	Net interest payable	−206	−220
43	140	**Profit on ordinary activities before taxation**	936	843
−29	−40	Tax on profit on ordinary activities	−336	−279
14	100	**Profit on ordinary activities after taxation**	600	564
−4	−15	Attributable to minorities	−22	−22
10	85	**Net profit attributable to parent company**	578	542
−328	–	Extraordinary items	92	–
−318	85	**Net profit for the period**	670	542
1.2p	11.9p	Earnings before extraordinary items per £1 Ordinary share	82.3p	76.4p

*Abridged results: full statutory accounts for the year 1990, together with an unqualified audit report, have been lodged with the Registrar of Companies.

Taxation

The tax charge for the year was £279m (1990 £336m) representing an effective tax rate of 33.1% and comprised UK corporation tax of £29m (1990 £68m) and taxation in respect of overseas and associated companies of £250m (1990 £268m).

Dividends for 1991

The Board has declared a second interim dividend of 34 pence per £1 Ordinary Share, which the Annual General Meeting will be asked to confirm as the final dividend for 1991, payable on 27 April 1992 to members on the Register on 19 March 1992. This, together with the first interim dividend of 21 pence, makes a total dividend of 55 pence for the year. Including the imputed tax credit of 18.3 pence this is equivalent to a gross dividend of 73.3 pence for the year.

Quarterly Information

	Profit before tax 1990 (Restated) £m	Profit before tax 1991 £m	Earnings per £1 Ordinary share 1990 (Restated) pence	Earnings per £1 Ordinary share 1991 pence
First Quarter	414	198	38.1	17.3
Second Quarter	319	309	29.3	29.3
Third Quarter	160	196	13.7	17.9
Fourth Quarter (1990 restated)	43	140	1.2	11.9
Year	936	843	82.3	76.4

Chairman's Comments

In announcing the results, Sir Denys Henderson, Chairman of ICI, commented:

"Despite the severe world-wide recession, we have achieved record profits in Pharmaceuticals and Paints and good results in Agrochemicals and Explosives. Our other businesses have been significantly affected by difficult trading conditions, but nevertheless Group cash flow has remained positive and the Balance Sheet is strong.

Progress with the ongoing Group reshaping programme is fully in line with expectations and 1991 profit has benefited by over £140m.

Most of the major world economies exited 1991 on a disappointingly flat note and there is, as yet, very little sign of economic growth resuming in the OECD countries. It is now clear that all the major chemical companies are being adversely affected by the world-wide recession and the commodity chemicals cycle may not pick up until 1993.

There is therefore little doubt that the coming months will continue to be difficult for most countries and it would not be prudent at this stage to attempt to predict when recovery might begin. When it comes, it is very likely to be gradual. We are confident, however, that ICI is well positioned to benefit from the upturn as a result of the measures which we are taking to improve our performance."

Restatement of 1990 Results

The results for the fourth quarter and year 1990 have been restated to reclassify, as an exceptional item, the ICI share (£41m, less tax relief of £2m) of a provision, previously accounted for as extraordinary by Tioxide Group Ltd while it was an associated undertaking. This restatement is in accordance with the clarification of the accounting treatment of restructuring costs issued by the Accounting Standards Board and has the effect of reducing 1990 profit before tax from £977m to £936m and earnings per share from 87.9p to 82.3p.

Next Announcement

Trading results for the first quarter of 1992 will be announced on Thursday 30 April 1992.

IMPERIAL CHEMICAL INDUSTRIES PLC

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED

An Anglovaal Group Company

Reg. No. 05/04469/05

Incorporated in the Republic of South Africa

Interim Report and Dividend Announcement for the Half-Year ended 31 December 1991

FINANCIAL RESULTS

The consolidated results are as follows:

Consolidated Income Statement

	Unaudited Half-year ended 31 December 1991 R000	1990 R000	Increase/ (Decrease) %	Audited Year ended 30 June 1991 R000
Turnover	51 964	55 199	(6)	104 313
Income	46 047	50 341	(9)	96 540
Investment income	12 482	8 051	55	19 057
Interest received	29 211	42 290	(31)	77 483
Other	4 354	-		-
Expenditure	6 004	7 062	(15)	17 802
Prospecting	4 472	6 199	(28)	11 175
Other (net)	1 532	863	78	6 627
Profit before taxation	40 043	43 279	(7)	78 738
Taxation	16 486	20 349	(19)	34 876
	23 557	22 930	3	43 862
Share of earnings of associated companies	5 335	4 032	32	10 091
Profit after taxation	28 892	26 962	7	53 953
Attributable to outside shareholders	510	46		94
	28 382	26 916	5	53 859
Preference dividends	3 526	3 696	(5)	7 228
Attributable to ordinary shareholders	24 856	23 220	7	46 631
	Cents	Cents		Cents
Earnings per ordinary share	7,7	7,2	7	14,5
Dividend per ordinary share	2	2		6

Consolidated Balance Sheet

	Unaudited 31 December 1991 R000	1990 R000	Audited 30 June 1991 R000
Capital Employed			
Ordinary shareholder' interest	613 147	608 108	607 976
Preference share capital	50 000	50 000	50 000
Outside shareholders' interest	625	558	604
Group shareholder' funds	663 772	658 666	658 580
Employment of capital			
Investment - associates	145 562	98 116	143 116
- other - listed	61 411	47 973	49 539
- other - unlisted	85 532	4 836	54 032
Mineral and surface rights	53	51	53
Loans for purchase of mineral rights and mine development costs	71 049	55 901	66 869
Long term loans	3 330	3 331	3 362
Net current assets	296 835	448 458	341 609
Current assets	324 691	460 566	382 855
Current liabilities - non-interest bearing	27 856	12 108	41 246
	663 772	658 666	658 580
Market value of listed investments and listed associates	529 295	565 239	611 570
Carrying value of listed investments and listed associates	70 818	56 813	58 703
Net worth per ordinary share (cents)	333	334	361
Number of ordinary shares in issue	321 642	321 642	321 642

Venetia Diamond Mine

The development by De Beers Consolidated Mines Limited of the diamond mine on the farm Venetia, in the northern Transvaal-pursuant to the agreement with Saturn Mining, Prospecting and Development Company (Proprietary) Limited ("Saturn"), in which the Company has a 65,6 per cent interest-is progressing according to plan and remains scheduled to be brought into production in the second half of 1992, with full production being achieved early in 1993: Pending recoupment of capital, Saturn is receiving a minimum royalty of 12,5 per cent of the mine's profits before appropriations for capital expenditure. An amount of R2,8m (1990: Rnil) was received by Saturn during the period under review.

Exploration

The current phases of the major exploration programmes for gold in the northern Orange Free State are nearing completion. In the Sun area, the drilling programme, designed to delineate further certain ore body boundaries and reef/grade continuity, is progressing as planned and is expected to be completed around mid 1992, whereafter the results will be evaluated. In the Oribi area, results from the current drilling programme are being evaluated and may result in the purchase of additional mineral rights in the area of interest and further drilling.

During the period under review, the Group's total share of exploration expenditure, the purchase of mineral rights and ancillary costs amounted to R8,6m (1990 ; R11, 2m). It is estimated that the Group's total share for the current half-year will amount to R10m (1990 : R15.7m).

Comment

Income from mining investments for the six months under review was generally at the same level as that received for the comparable period last year. Total investment income, however, increased by R4.4m as a consequence of dividends received on preference share investments.

Interest received declined due to a marginal decrease in rates on reduced surplus funds, resulting from the purchase of investments, detailed below.

Other income comprised commission, a surplus arising on the disposal of rights and royalties received.

The share of earnings of associated companies increased, mainly because of the equity-accounting for the first time of the Group's share of the Rhino Andalusite Mines Limited's earnings for the period.

Currently it is expected that earnings per ordinary share for the financial year ended 30 June 1992 will approximate that of the previous financial year. However, the Group's earnings are subject to even greater uncertainties of world metal markets, the level of interest rates received on surplus funds and the momentum of development of the Venetia diamond mine.

Investments

During the period under review the Group acquired 850 000 ordinary shares in Rand Coal Limited for R11,5m. A further R32m was invested in preference shares.

Dividends Paid and Declared During the Half-Year

Preference dividend No.5 amounting to R3, 49m was paid on 30 September 1991 in respect of the period 1 April 1991 to 30 September 1991 (1990 : R3,66m) on the variable rate redeemable cumulative preference shares.

Final ordinary dividend No.78 of 4 cents per share totalling R12,87m for the year ended 30 June 1991 (1990 : 4 cents - R9,67m, before the increase in the number of shares in issue) was declared on 11 June 1991 and paid on 2 August 1991.

Declaration of Interim Dividend

Notice is hereby given that interim dividend No. 79 of 2 cents (1990 : 2 cents) per share has been declared payable to holders of ordinary shares registered in the books of the Company at the close of business on Friday, 20 March 1992. Payment of the dividend is subject to conditions which are available for inspection at the registered office, or office of the London Secretaries of the Company. The dividend has been declared in the currency of the Republic of South Africa and payments from London will be made in United Kingdom currency at the rate of exchange ruling on 30 March 1992. Warrants in payment of the dividend will be posted on or about 16 April 1992. The transfer books and registers of members in Johannesburg and London will be closed from 21-27 March 1992, both days inclusive

For and on behalf of the board

Clive S. Menell Chairman,
B.E. Hersov
Directors

27 February 1992

Directors: Clive S. Menell (Chairman), D.D. Barber, B.L. Bernstein Hon LL.D, D.J. Crowe, B.E. Hersov DMS Hon LL.D, V.G. Mansell, R.T. Swemmer, J.E. van Niekerk

Alternate: B. Mansell

Registered Office
Anglovaal House
56 Main Street
Johannesburg
2001

London Secretaries
Anglo-Transvaal Trustees Limited
295 Regent Street
London, W1R 8ST

UK COMPANY NEWS

Courtaulds Textiles exceeds £42m

By Daniel Green

TIGHT CONTROLS on working capital helped Courtaulds Textiles boost pre-tax profits by 5 per cent to £42.2m in 1991 despite a drop in turnover to £922m from £983.8m a year earlier reflecting the toughness of trading conditions and disposals in the spinnning business.

The profit increase from £40.3m in 1990 came in spite of a sharp rise in exceptional charges relating to closures of £4.7m, compared with £1.3m.

"The slight improvement in UK market conditions last autumn has not come to much," said Mr Martin Taylor, chief executive. "We are not assuming that the trading environment will become more helpful to us during 1992."

Net cash inflow before financing slipped to £38.7m (£45.7m), although this was better than some analysts' expectations.

It contributed to net borrowings falling to £35.6m (£74.6m) leaving gearing at the year end of 14.1 per cent (29.6 per cent). The fall in borrowings helped the interest charge fall from £11.8m to £6.3m.

The increased tendency for UK retailers to order shorter runs of more fashion-oriented items helped reduce working capital. Total capital employed fell to £290.6m (£329.5m) leading to the return on capital employed rising from 16.1 per cent to 18.3 per cent.

A final dividend of 8.8p lifts the total by 5.7 per cent to 13p.

A continued programme of plant closures in sock and lingerie manufacture, cut staff by 20 per cent. At the same time, capital spending rose to £26.4m (£22.7m).

An extraordinary charge of £13.6m (£10.4m) covers leaving combed cotton spinning, the sale of the French acrylic spinning unit and the closure of two fabric making operations.

● COMMENT

Courtaulds Textiles has won the confidence of the City with its effective financial management. This has been reflected in the outperformance of the shares. But can the company's resilient performance continue if the consumers of the world fail to buy more clothes? It can to some extent. There is still room for margin improvement on the manufacturing side: the profitability of the money-spinning lace business has set new targets for the rest of the company. If these are achieved, profits for 1992 could be as high as £50m. Some areas of concern remain, however. The sterling/dollar exchange rate is uncomfortably volatile and the introduction of a minimum wage, were a Labour government to be elected, could put pressure on costs. But with gearing having fallen from about 50 per cent to less than 15 per cent in two years, the company is ready to buy a solid business in Europe, perhaps spending more than £100m in the process. There might be a rights issue, but institutions would be happier with one call from Courtaulds Textiles than from just about anyone else in the sector.

Kleen-e-ze cuts losses to £1.1m

Kleen-e-ze Holdings, the consumer goods group, continued its rehabilitation. Losses were reduced from £4.28m to £1.14m after exceptional charges in the year to August 30 1991 and it is looking for "modest profitability" in the current term.

After last September's rights issue, directors now hold 66.56 per cent of the capital. At end-August net borrowings represented 39 per cent of shareholders' funds.

Turnover came to £45.5m (£48.3m). Continuing activities achieved break-even at the operating level, against a loss of £599,000. Exceptional charges were £153,00 (£2.65m).

After extraordinary costs of £675,000 (credit £2.43m) the attributable loss was £1.82m (£1.6m). Losses per share were 16.73p (58.82p).

The group operates the Innovations mail order business and homecare direct selling.

The small sales promotion company was sold and the operation in the US closed. Operating losses of the two amounted to £637,000 in the year but will not recur.

Standby credit for Aran Energy

Aran Energy, the Dublin-based oil and gas exploration and production group, has completed a $197.5m (£113m) revolving credit and standby facility which will be used to develop the Alba North and Gryphon fields in the North Sea.

The 10-year facility was arranged by the Bank of Scotland and follows Aran's 1990 rights issue which raised I£37.4m.

Ashley Ashwood

Robert Evans: expecting 40 per cent of profits to come from international exploration

British Gas expansion on target

By Deborah Hargreaves

BRITISH GAS said yesterday that it was on target to expand its business overseas so that its exploration and production division contributed 40 per cent to its profits by the end of the decade.

"Just our developments in the North Sea alone will propel us to that target," said Mr Robert Evans, chairman. "We are now producing oil and gas in eight countries overseas and could see more than 40 per cent of our profits coming from international exploration and production by 2000."

Mr Howard Dalton, managing director of the exploration division, said he would have a 29 per cent share of the capital expenditure budget this year amounting to £754m. British Gas would spend this on its exploration efforts in Tunisia, Russia and Argentina, among other countries.

In 1991, exploration and production contributed £221m to British Gas' overall after-tax profit of £1.16bn. Mr Evans said that the group was ready to take advantage of acquisition opportunities in the oil and gas sector where share prices were severely depressed by low oil prices.

● COMMENT

The City showed little reaction to British Gas's profits for last year and the shares slipped 1p to 258p. That could be due to the difficulty of making comparisons between last year and the previous one since the group has changed its financial accounting year. But the shares are currently more vulnerable to political or regulatory announcements about the future of competition in the UK gas business than to small changes in British Gas's profit levels. The company raised its dividend by 7 per cent to 10.25p for the nine months from April – giving a notional level of 13.4p for the year as a whole. British Gas is committed to raising its dividend and, for the past few years, has increased the pay-out at a rate of 8 to 10 per cent a year – well above the rate of inflation and the rest of the market. While there is a great deal of regulatory risk to be taken on when investing in the shares, the company is set for substantial growth in its international exploration and production business which is outside the jurisdiction of UK regulators. It is expected to triple its oil and gas production by 1995 compared with slight increases of about 1 per cent for the leading oil companies. In addition, although the new domestic pricing formula will bite into UK profits, Mr Evans is commited to a programme of cost reduction that aims at minimising its effect. If the government and regulators go ahead with an oft-threatened break-up of the company, that could also release significant value for shareholders.

Christmas comes late at L Ashley

By John Thornhill

MR JIM Maxmin, the effusive American chief executive of the Laura Ashley frocks and fabrics group, was in generous mood yesterday as he toured the company's stores handing over big cheques to his staff.

Some employees in London received as much as £1,800 as a bonus for their work over a three-month period from October to December.

This unaccustomed fit of generosity by a hard-pressed retailer in the middle of a recession was part of the company's Profit Improvement Plan launched last year with the purpose of "incentivising" the staff at 10 underperforming stores.

Mr Maxmin had promised the staff at these stores they could share any profits uplift they managed to generate.

Each store devised its own promotional strategy and these efforts resulted in some impressive improvements. The highlights were in Liverpool where profits were more than doubled and at London's Marble Arch branch where they climbed by 62 per cent.

Mr Maxmin has engendered a fair degree of scepticism in the City because of his somewhat eccentric approach.

But he defended himself yesterday: "A lot of people thought that we were mad. But we did it and made it work."

. . . Now for Laura Ashley's other 500 outlets.

Greencore's stormy AGM

By Tim Coone in Dublin

GREENCORE, the Irish sugar and foods group, held a stormy annual meeting in Dublin yesterday, the first since its privatisation last April.

A heated debate took place over the re-election of three directors who had sat on the board of the company before privatisation and during 1988 and 1990,a period in which a series of controversial share deals resulted in a subsidiary being bought out.

All were re-elected but some small shareholders have been upset by what many regarded as a cavalier attitude by Mr Bernie Cahill, the chairman.

He caused an uproar yesterday on a motion on directors' fees, which was clearly defeated by a show of hands; a lengthy ballot had to be then held and the motion passed.

Costs of the share deal controversy are expected to exceed I£5m, and reduce pre-tax profits in 1991 by 17 per cent.

A High Court investigation into the affair is imminent.

NEWS DIGEST

Allied-Lyons sells Spanish brandy side

ALLIED-LYONS' wine and spirits arm, Hiram Walker, is selling its brandy and distribution interests in Spain to Pedro Domecq for £50m in cash and additional Domecq shares.

Hiram will then own 5.66 per cent of Domecq and 50 per cent of the 53 per cent of Domecq held by Hiram Walker Europe, a Spanish joint venture with the Mora-Figueroa family.

Domecq, a private company, makes about Pta13bn (£71m) annually on turnover of Pta145bn.

ABF

Associated British Ports is buying a 49 per cent stake in Tilbury container terminal for £5.5m from P&O Containers, which will retain 51 per cent.

The companies have also agreed to develop further their Southampton terminal, owned in the same proportions.

The terminal will be expanded by 15 acres and three new quay cranes are being installed.

Murray Intl

Net asset value per ordinary and B ordinary share of Murray International Trust rose by 20 per cent to 253.89p over the year to December 31.

Net revenue was static at £13.4m. Earnings per share were 11.31p (11.32p), or 11.14p (same) assuming full conversion of the B shares. A proposed final dividend of 3.4p makes a 10.9p (10.2p) total.

For the current year interim dividends totalling 7.9p have already been indicated. Directors yesterday forecast a final of 3.5p. B shareholders will receive a capitalisation issue in lieu of the payment.

Whinney M-Lewis

Mr Jeremy Mackay-Lewis, chairman of Whinney Mackay-Lewis, said yesterday that the USM-quoted architectural practice had maintained "profitable trading in spite of the recession's effect on the property industry" in the six months to October 31.

Pre-tax profits slipped 29 per cent from £167,000 to £119,000 after lower interest of £256,000 (£368,000). Turnover eased 3 per cent to £3.29m (£3.38m). Mr Mackay-Lewis said that it was important to conserve cash resources within the company and, accordingly, the interim dividend is omitted (0.75p).

Earnings were reduced to 0.7p (1.3p) per share.

Green Property

Green Property, the Dublin-based real estate group, lifted pre-tax profit from I£1.47m to I£1.7m (£1.57m) for 1991.

Earnings per share worked through at 8.42p (6.01p) and the final dividend is 2.6p for a total of 3.8p (3.5p).

Net rents rose to I£4.56m (I£3.8m) and other operating income to I£173,000 (I£150,000).

Debt/equity ratio with convertible loan stock as debt stood at 101 (98.1) per cent at the end of 1991; with loan stock fully converted it was 56.7 (56.5) per cent.

Scottish Inv Tst

Scottish Investment Trust's net asset value rose by 0.3 per cent to 206.8p in the first quarter to January 31 1992.

Revenue before tax in the quarter was down 21 per cent from £3.7m to £2.92m, the decline being attributed to timing differences in income receipts.

Bellwinch

Sharply reduced pre-tax losses of £385,000 were announced by Bellwinch, the Wembley-based builder, for the six months to December 31. The loss last time was £13.6m.

Turnover was lower at £6.01m (£8.82m) but, at the operating level, the company made profits of £115,000 (£333,000 losses). Interest took £500,000 (£1.77m) and there were provisions of £11.5m last time for future development losses. Losses per share fell to 1.2p (38.3p).

Eleco

First half profits at Eleco Holdings, the building products and contracting group, fell from £2.34m to £1.16m pre-tax. Turnover slipped by £3.19m to £26.41m. Earnings amounted to 2.6p (4.9p) and the interim dividend is a same-again 2.3p.

Grafton

Grafton Group, the Dublin-based builders' merchant, experienced a 32 per cent fall in profits to I£3.55m (£3.3m) pre-tax for the year to December 31.

Interest charges rose to I£1.29m (I£564,000) but tax took I£740,000 less at I£874,000. Earnings emerged at 17.1p (22.9p) and a proposed final dividend of 3.75p makes a 6.25p (6p) total. Turnover advanced to I£94.4m (I£86.3m).

Isotron

All sectors of Isotron felt the effects of the recession in the half year to December 31 1991, and pre-tax profit fell from £1.42m to £1.28m.

The irradiation service group was particularly hit in its medical sector, where turnover was well down on expectations. Overall sales dropped to £3.14m (£3.2m).

Earnings were 6.9p (7.5p). The interim dividend is raised to 1.37p (1.25p).

Burlington

Burlington Group, an investment holding concern, lifted net attributable revenue from £75,100 to £90,400 in 1991. Net asset value, taking investments at market value, was 16.87p, against 15.16p.

At the year-end over 60 per cent of assets were in gilts (£1.02m), other fixed interests (£125,100), listed equities (£749,300), unlisted equities (£8,400), and cash (£592,900).

Earnings per share came to 0.61p (0.51p) and the dividend is again 0.5p.

County Smaller

County Smaller Companies Investment Trust, which began trading last July with a net asset value of 96p, reported one of 94.4p at December 31.

Net revenue for the period, July 25 to December 31, amounted to £236,086 for earnings per share of 1.44p. An interim dividend of 1.125p is declared.

BUSINESSES FOR SALE

INVITATION FOR OFFERS TO PURCHASE

Assets and Business Operations of Cassiar Mining Corporation

Arthur Andersen Inc., in its capacity as Receiver of Cassiar Mining Corporation ("Cassiar"), will consider written offers to purchase its right, title and interest in the assets and business operations of Cassiar on an "en bloc" basis. Cassiar's principal asset is an asbestos mine located in Cassiar, British Columbia, Canada, approximately 100 kms. south of the Yukon border.

The assets of the business include an underground mine operation and processing plant in Cassiar, the lands and buildings of the townsite of Cassiar, shipping and handling facilities in Stewart and North Vancouver, British Columbia and all equipment required to operate the mine.

A confidential Information Package has been prepared for the benefit of prospective purchasers. Viewing of company assets and copies of the Information Package will be made available to prospective purchasers upon receipt of a refundable, non-interest bearing deposit of $100,000 Canadian. The deposit must be a certified cheque made payable to Arthur Andersen Inc., Receiver of Cassiar Mining Corporation.

All parties interested in obtaining a detailed information package and arranging to view the company assets must make their intentions known, in writing, accompanied by the deposit referred to above, no later than 5:00 p.m. Pacific Standard Time on Monday, March 9, 1992, to Arthur Andersen Inc., 2300 - 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2J2, Attention: James G. Stuart.

Formal offers to purchase must be accompanied by a bank draft or certified cheque for 10% of the amount offered. The highest or any offer shall not necessarily be accepted. Any offer accepted will be subject to the completion of an Agreement of Purchase and Sale in a form and substance acceptable to the Receiver and to the approval of the Supreme Court of British Columbia.

To obtain additional information or a confidential Information Package and to arrange for a viewing of the assets, please contact:

Melvin C. Zwaig, FCA
Arthur Andersen Inc.
P.O. Box 124
Toronto-Dominion Centre
I.B.M. Tower
Toronto, Ontario, Canada
M5K 1H1
Telephone: (416) 947-7770
Facsimile: (416) 947-7796

Bryan R. Henderson, CA
James G. Stuart, CA
Arthur Andersen Inc.
2300 - 1055 West Hastings Street
Vancouver, British Columbia, Canada
V6E 2J2
Telephone: (604) 688-8111
Facsimile: (604) 688-5205

Arthur Andersen Inc.

ARTHUR ANDERSEN

ARTHUR ANDERSEN & Co, SC

Touche Ross

Rosewarm Limited

t/a The Three Horseshoes Hotel, Rugby

(In Administrative Receivership)

The Joint Administrative Receivers, Ralph S. Preece and Grahame J. Watts, offer for sale the freehold interest together with goodwill and contents of a traditional 18th century coaching inn, the main features of which are:

- ☐ Turnover approximately £400,000 per annum.
- ☐ Strategic location on national motorway network.
- ☐ Prominent position in busy market town.
- ☐ 35 en suite bedrooms.
- ☐ Spacious public rooms.
- ☐ Restaurant with seating for 60, and 2 public bars.
- ☐ Outbuildings with potential for development.

For further information, please contact Garry Wilson at the address below.

DRT International

10-12 East Parade, Leeds LS1 2AJ. Tel: 0532 439021. Fax: 0532 448942.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

THE REPUBLIC OF POLAND INVITATION TO NEGOTIATIONS

THE HEAD OF THE MINISTRY OF PRIVATISATION

As part of the Polish Government's privatisation program and on the basis of art. 23 of July 13th, 1990 Act on the Privatisation of State Owned Enterprises (Dz.U. nr51/90 poz.298, and all further amendments) (the "Privatisation Act"), an invitation is extended by the Acting Head of the Ministry of Privatisation, on behalf of the State Treasury of the Republic of Poland, to interested parties with proven experience in the porcelain manufacturing industry to record and thereafter to pursue their interest in purchasing not less than 10% and up to 80% of shares of:

"PORCELANA-WAŁBRZYCH" S.A.

The company's principal features include:

- Turnover of approximately USD 7 million per annum
- 60% of production for export
- In-house porcelain design team
- Manufacturing history going back to 1848
- Dedicated, skilled and experienced workforce

In accordance with art.24 of the Privatisation Act, employees will be given the opportunity to acquire up to 20% of the shares at preferential rates.

Main criteria for investor selection:

- proposed price, terms and types of payment
- intentions with regard to the Company's future and a statement of how this program will be pursued
- expected investment expenditures (including investments in environmental protection) related to the development program
- employment forecasts
- envisaged method of financing investment expenditures
- documentation of sources to finance the purchase and the execution of the proposed development program

Interested parties are requested to contact:
M.T. Ledochowska or M.Mik
NMB BH CONSULTANTS, Warsaw,
Al. Jerozolimske 65/79, LIM Bld
tel: (48) (2) 6305608; fax: (48) (2) 6305660
Satellite (48) 39121746 Poland;
or G.Sudarskis, NMB Bank (Paris), Place Vendome 8, Paris,
tel: (33) 142615525; fax: (33) 142615695 France

acting as advisors to the Head of Ministry of Privatization.
A memorandum containing basic information about the Company is in the possession of NMB BH and the NMB Bank (Paris). Interested parties will be sent a confidentiality letter for execution as a condition precedent to their receiving memorandum. Replies should be sent before 25th March, 1992. The Ministry of Privatisation reserves the right to extend the invitation to negotiate beyond this date and also reserves the right to revoke the invitation and to suspend negotiations without providing any reasons therefor.

MANUFACTURERS & WHOLESALE DISTRIBUTORS OF SOFT DRINKS

Gardner-Shaw (Soft Drinks) Limited

The Joint Administrative Receivers, J.F. Powell and D.R. Wilton offer for sale the business and assets of this well established manufacturing and distribution company.

Principal features of the business include:

- Turnover of c. £2m.
- Freehold manufacturing premises & offices based in Brierley Hill, West Midlands, close to Merry Hill Development.
- Own brand name of "Crown" established for 90 years.
- Freehold Off License in Shifnal near Telford with turnover of c. £250,000.

For further information, please contact John Powell or Phillip Allen at Cork Gully, 43 Temple Row, Birmingham B2 5JT. Telephone: (021) 200 4150.
Fax: (021) 200 4040.

Cork Gully

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

CLAPHAM & WANDSWORTH

Two successful bar/restuarants for sale. Both freehold corner sites. 3,000 sq.ft.plus. Healthy cash sales, good development potential. For further details contact J. Symes. 081 879 2121.

GOVERNMENT OF POLAND

INVITATION TO NEGOTIATE

SZCZECINSKI PRZEMYSŁ DRZEWNY S.A.

As part of Polish Government's privatisation programme an invitation to negotiate is extended by the Ministry of Ownership Changes (the "MOC") to interested parties with proven experience in wood-processing industry for the purchase of at least 20% of the shares in Szczecinski Przemysl Drzewny S.A. (the "Company").

The Company operates in wood-processing industry and is one of the major saw timber producers in Poland (capability - 300.000 m³, total sale in 1991 - USD 16m, export - USD 6.5m). The Company is located in northern Poland.

For further information regarding the Company please contact ACCESS Ltd., an adviser to the MOC, at the address below:

ACCESS Ltd.

Al.I. Armii Wojska Polskiego 3,
Warsaw, Poland
Tel.: (2) 628 86 77
(2) 628 12 94
(22) 21 23 23
Fax: (22) 21 40 50

BUSINESS AND ASSETS Of solvent and insolvent companies for sale.Business and Assets Tel 071 262 1164 (Mon - Fri)

For Sale

UMP Lurgan

Meat Processing Plant

This strategic facility, in Lurgan Co Armagh, handles a significant market share of both cattle and sheep disposals in Northern Ireland. Recently modernised following expenditure of £1.5 million to EC licence specification.

Please contact, without delay:-

P F Rowan FCA (or N Lavery)
Administrative Receiver
United Meat Packers (Northern Ireland) Limited
Price Waterhouse
Royston House
34 Upper Queen Street
Belfast BT1 6HG
Telephone 0232 244001
Fax (0232) 329440

Price Waterhouse

FOR SALE
Precision Engineering Company

Price Waterhouse Corporate Finance are assisting in the disposal of the following business:

- Specialist manufacturer of precision sheet metal components.
- Annual turnover circa £1m.
- Experienced and skilled workforce.
- Located in the South East of England.

For further details, please contact Julian Ahern at Price Waterhouse Corporate Finance, Bridge Gate, 55-57 High Street, Redhill, Surrey RH1 1RX. Tel: (0737) 786300. Fax: (0737) 772342.

The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Price Waterhouse

FOR SALE

A small photographic laboratory in Watford. Turnover £600,000 per annum.

All enquiries write Box H6593, Financial Times, One Southwark Bridge, London SE1 9HL.

LEGAL NOTICES

SQUIRES APPOINTMENTS (SOUTHERN) LIMITED

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2, at 12 noon on 4th March 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators.

PROFESSIONAL AND EXECUTIVE RECRUITMENT LIMITED

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2, at 11:00 am on 4th March 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L.McKillop, Joint Administrators

MAXWELL CABLE TV LTD
(In Administration)
Notice of meeting in administration procedures.

Notice is hereby given that a meeting of creditors is to be held at The Morris Motors Athletic and Social Club, 129 Crescent Road, Cowley, Oxford on Thursday 5th March, 1992 at 12.00 pm to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators

MAXWELL LEGAL SERVICES PLC

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2, at 1:00 pm on 4th March 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L.McKillop, Joint Administrators

LINKRIGHT LIMITED
(formerly trading as Marten Walsh Cherer Limited)

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2, at 2:00 pm on 4th March 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L.McKillop, Joint Administrators

VISTA COMPUTER SYSTEMS LIMITED

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2, at 10:00 am on 4th March 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators

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FOR SALE
Winch Business

Price Waterhouse Corporate Finance are assisting in the disposal of the following business:

- Designer, manufacturer and distributor of specialised winches.
- Supplies commercial, industrial and military markets.
- Based in the South East of England.
- Turnover for 1991/92 circa £2m.

For further details, please contact Julian Ahern at Price Waterhouse Corporate Finance, Bridge Gate, 55-57 High Street, Redhill, Surrey RH1 1RX. Tel: (0737) 786300. Fax: (0737) 772342.

The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

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PRIORY GLASS WORKS LIMITED

(in administrative receivership)

The joint administrative receivers offer for sale the business and assets of Priory Glass Works Limited. This well established glass merchant, glazier and double glazing specialist is based in Christchurch, Dorset.

- ☐ 1991 turnover approximately £0.9 million
- ☐ 9,000 square feet freehold factory and office space
- ☐ BS5750 part II, ISO 9002 and BS kitemark quality standards
- ☐ Skilled, experienced and loyal workforce
- ☐ Established customer base

For further information, contact the joint administrative receiver, Yvonne Jones

FANSHAWE ■ LOFTS

Havelock Chambers
Queens Terrace
Southampton
SO1 1BP

Telephone: 0703 233522
Facsimile 0703 233504

Fanshawe Lofts is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

BK Plastics Limited

(In Receivership)

The business and assets of the above company, a distributor of roofing and cladding materials for the building industry, are available for sale as a going concern.

- Well established business operating throughout the North of England.
- Diversified customer base.
- Operates from leasehold premises in Bamber Bridge, Preston, situation approximately 2 miles from junction 29 off the M6 motorway and junction 9 off the M61.
- Turnover of £3.4 million in the year to 31 March 1991.
- Five employees.

Enquiries to AJP Brereton FCA or IC Powell ACA, Joint Administrative Receiver, Price Waterhouse, York House, York Street, Manchester M2 4WS.
Tel: 061-228 6541. Fax: 061-236 1268.
Telex: 669591.

Price Waterhouse

Brown & Parker (Shopfitters) Co Limited

(In Receivership)

The shopfitting business and assets of this company are available for sale as a consequence of receivership.

- Long leasehold premises in prime location next to M63 motorway.
- Modern, well maintained 12,000 sq ft factory unit.
- Outline planning consent for extension.
- Established, high quality customer base.
- Skilled workforce.
- 1991 turnover approximately £2 million.

Enquiries to IC Powell and AJP Brereton, Joint Administrative Receivers, Price Waterhouse, York House, York Street, Manchester M2 4WS.
Tel: 061-228 6541. Fax: 061-236 1268.

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WILLIAM WAY (CAMBERLEY) LIMITED

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- Turnover 1991 approximately £800,000
- Experienced workforce
- Freehold premises including builders yard and undeveloped plot
- 4 freehold private residences

For further information please contact V C Wright/B R A Callaghan, Chantrey Vellacott, 10/12, Russell Square, London, WC1B 5LF. Telephone 071-436 3666: Fax 071-436 8884

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Britain's zinc production industry put up for sale

By Kenneth Gooding, Mining Correspondent

THE UK'S ZINC production industry, which has a turnover of £150m and employs about 850 people, was put up for sale yesterday when Pasminco of Australia announced it hoped to dispose of its European assets. These include the Avonmouth smelter in the west of the UK, the only domestic source and main supplier of refined zinc in Britain. Pasminco recently completed a £10m expansion at the smelter, taking its annual capacity to 105,000 tonnes of zinc and 50,000 tonnes of lead bullion.

Pasminco also owns three companies at Bloxwich in the West Midlands that make a number of zinc alloy products and take in the Impalloy division, Europes leading supplier of zinc protectors for cathodes.

Analysts suggested that Pasminco should have no difficulty selling the UK assets, which have improved significantly in the past few years, but said there were substantial question marks over its other European asset – a 50 per cent shareholding in a 200,000-tonnes-a-year zinc refinery at Budel in the Netherlands.

Budelco, which is jointly owned with Billiton, the mining and metals arm of the Royal Dutch/Shell group, is one of the world's biggest and most cost-competitive electrolytic zinc smelters. However, the management has given itself until the middle of this year to decide whether to invest about Fl 300m (£90) on plant to reprocess waste material or to close down.

The smelter will no longer be able to store jarosite, an iron-bearing waste product from electrolytic smelting, from 1995. More than 600 are employed at the smelter, on the Belgian-Dutch border, and discussions have been going on with the Dutch authorities about its future.

Budelco identified a technology for processing the jarosite into an inert slag suitable for use in the construction industry but said the tight environmental conditions required by the Dutch authorities would make it "financially unattractive".

Pasminco, which was formed in 1988 when North Broken Hill Peko and CRA pooled their zinc and lead interests, announced it intended to sell its European assets to reduce debt and to concentrate on its Australian interests after revealing a net loss of A$118m, including abnormal and extraordinary losses. Morgan Stanley, the investment bank, is advising on the divestment programme.

Analysts said there were no obvious buyers for the European assets although the Marc Rich international commodity trading organisation based in Zug, Switzerland, might be interested, as well as Japanese groups such as Mitsui, which already has zinc smelting expertise, and Sumitomo. Germany's Metallgesellschaft, which seems likely to close its Meggen zinc smelter soon, was another company mentioned as a possible buyer.

FALCONBRIDGE of Canada is to restart the number one smelter at Falconbridge Dominicana, its ferro-nickel facility in the Dominican Republic, in mid-March, writes Bernard Simon in Toronto. The smelter was closed last October because of the weak state of the nickel market.

Falcondo has an annual capacity of 32,000 tonnes of ferro-nickel. The closure of the smelter cut production by half.

Chile's giant copper mine to boost production

By Leslie Crawford in Santiago

LA ESCONDIDA, the giant copper mine in the Atacama desert owned by BHP of Australia, RTZ and a group of Japanese smelters, *plans to step* up its annual production by 25 per cent and process the extra 80,000 tonnes into pure copper cathodes using a revolutionary technique that does not require smelting.

Mr John Hannah, La Escondida's president, said the open-cast mine would continue producing copper concentrates, a *semi-refined* product, to meet long-term contracts with smelters in Japan and Europe. La Escondida currently produces the equivalent of 320,000 tonnes of pure copper a year in the form of concentrates. It is the second-biggest copper mine in the world after Chuquicamata, also in Chile.

Mr Hannah said the feasibility study for the extra output would be completed by mid-year. "If the study shows that the expansion is commercially viable, construction could start *as early as September," he said* at a news conference in Santiago. La Escondida's expansion plans, which come just 15 months after the mine became operative, will require an investment of $200m. It will be financed from the company's cash-flows, Mr Hannah said.

The company is testing its innovative method to obtain refined copper at a pilot plant beside Coloso, its loading port just south of Antofagasta. It is a hydrometallurgical process that dissolves the copper concentrate in a solution with ammonia. An electric current is then passed through the solution, which causes the copper to precipitate.

Mr Hannah said the cathode plant was a non-polluting alternative to conventional smelting and refining. It will also be much cheaper than having to build a smelter. La Escondida *decided to embark on the pro*duction of refined copper, he said, because it was a more marketable commodity than copper concentrates.

If all goes to plan, the cathode plant could be ready by mid-1994. Mr Hannah believes it will be the only plant of its kind in the world. La Escondida is in the process of patenting its new technique.

At the mine itself, located 180 km (110 miles) south-east of Antofagasta, the capacity of the concentrating plant will have to be expanded to deal with the extra output. Negotiations are also under way with power generating companies in northern Chile to ensure the supply of extra electricity for the cathode plant.

The expansion plans do not come as a surprise. The mine sits on the richest copper deposit in the world. Its geolog*ical* reserves of 1.8bn tonnes could keep it productive well into the 22nd century. The ore is also very rich in copper, which allows La Escondida to have one of the lowest production costs in the world.

● Management and union leaders at El Teniente, the troubled copper mine owned by Codelco, the Chilean Copper Corporation, *were meeting yes*terday in an attempt to break the impasse over an unpopular redundancy scheme. Work has returned to normal after Monday's wildcat strikes, but copper workers are threatening more protest actions unless 100 colleagues who were sacked at the weekend are reinstated.

Codelco says it needs to shed 800 jobs at El Teniente to reduce overmanning. It currently employs 9,400 workers at its second-largest division, which last year produced 278,765 tonnes of copper, about a quarter of Codelco's total output. The corporation said yesterday that production costs had almost doubled in six years – it now cost 75 US cents to produce *a lb of copper.* El Teniente's future was in jeopardy unless it succeeded in streamlining the operation now.

Union leaders, meanwhile, have called for an "emergency congress" of the Copper Workers Union to discuss the threat of redundancies and a controversial law that will allow Codelco to sell surplus mining property and form joint ventures with private mining companies. In the minds of copper miners, these two issues are linked.

Russian platinum sales cut forecast

By Kenneth Gooding

RUSSIAN PLATINUM sales to the west are likely to fall by more than 40 per cent this year, from about 950,000 troy ounces in 1991 to about 650,000 ounces, suggests Ms Rhona O'Connell, analyst at the Williams de Broë financial services group.

She points out in a special report on the platinum market that the level of Russian sales constitutes "one of the most *interesting and most sensitive* areas of the whole picture this year".

Sales from the former Soviet Union – 90 per cent from the *Norilsk smelters in Russia* – last year are thought to have been between 900,000 and 1m ounces. This is separate from the estimated 700,000 ounces *that found their way to Swit*zerland either on swap (where metal is sold with a promise to buy it back at an agreed future date and price) or on lease.

Ms O'Connell suggests it is reasonable to assume that the swaps have been unwound and the metal returned to Russia. In that case, Russia will be able to supply relatively high contracted sales to Japan this year [about 500,000 ounces] and also sell spot metal "more or *less at will*".

However, it is also reasonable to assume that Norilsk's platinum production will fall by at least 10 per cent in 1992. *Consequently, "it seems feasi*ble that the CIS (Commonwealth of Independent States) will be able to supply platinum into the west at a higher rate than the *historical average,* drawing if necessary on stocks taken back from the unwinding of swaps. However, it is questionable whether these higher swap levels can be continued into 1993.

In her "most likely case," Ms O'Connell sees platinum mine production up from 3.292m ounces last year to 3.529m in 1992 while total supply is expected to fall slightly, because of lower Russian sales, *from 4.467m to 4.449m* ounces. Offtake is forecast to rise from 3.872m to 4.029m ounces, which, after changes in terminal market stocks, should *leave 420,000 ounces (565,000* ounces) for investment.

Ms O'Connell expects platinum's price in 1992 to range between $330 and $400 an *ounce, with an average of $365.*

UK fishermen face stringent curbs

THE BRITISH government is to introduce a scheme to decommission surplus fishing boats at the cost of £25m and *to cut Britain's fishing effort to* preserve stocks, writes James Buxton. The scheme is a significant U-turn for the government, which has repeatedly *argued that decommissioning* would be difficult to administer and open to abuse.

The government will pay to remove fishing boats from the fleet over two years, with the European Community contributing 50 to 70 per cent of the cost. *Fish producers' organisa*tions, which are made up of fishermen, will be allowed to buy and sell fishing quotas and buy out members who want to *leave the industry.*

Under new licensing arrangements, a reduction in capacity will be achieved when licenses change hands, and licensing is to be extended to boats of under 10 metres in length. There will be further *reductions in the number of* days boats can spend at sea beginning in 1993.

Mr David Curry, fisheries minister, said yesterday: "You *need something of this tough*ness if you really are going to tackle the problem of depleted stocks".

MacSharry stresses need for CAP reform

By David Blackwell

EUROPE'S farm policy has to be reformed with or without a settlement in the General Agreement on Tariffs and Trade, Mr Ray MacSharry, the agriculture commissioner, said yesterday.

Against a background of overproduction, a limited EC budget and declining farm incomes, reform of the Common Agricultural Policy has become a priority for the European Commission, Mr MacSharry told the annual Agra Europe conference on the outlook for European agriculture in London. "The negotiations so far have been slow and difficult. But I believe that ministers are now coming to the view that they can no longer delay decisions that their farming communities expect, indeed demand of them now."

He denied that the EC proposals, which would reduce price support for farm production, would damage "the so-called commercial sector of agriculture". But the EC would also not allow the decline of rural communities in "situations where there is no viable alternative to agriculture".

Uncertainty over Gatt had caused hesitation in states that recognised the need for reform and afforded delay to the less convinced. But Mr MacSharry was hopeful that a deal would be reached this year. Failure would be very costly, he said. "I firmly believe that the future lies in freer trade and that *failure* to continually advance on this front creates a serious risk of a return to protectionist tendencies."

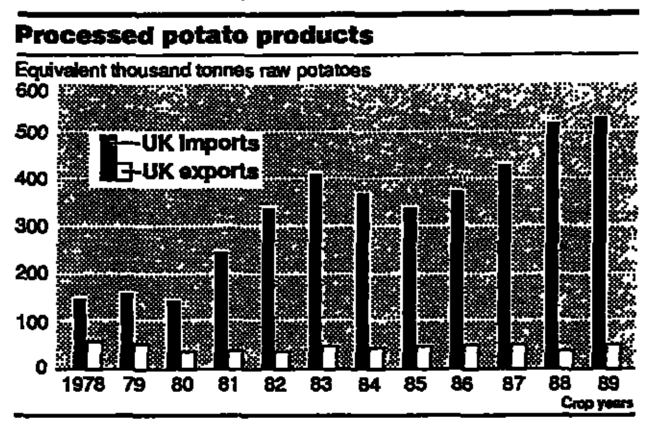
Chips down for UK Potato Board

David Blackwell on a scheme that may fall foul of the single market

THE UK'S POTATO Marketing Board does not market potatoes. But it does aim to control the supply of potatoes to the UK market under a system which does not sit well with the principles of the Single European Market.

Processed potato products

Equivalent thousand tonnes raw potatoes



Potato growing has not yet been brought within the ambit of the European Community's common agricultural policy, but the European Commission has to bring forward a proposal soon to comply with the Single European Act – it was expected to make an announcement a year ago. All predictions are for a "light regime", which is highly unlikely to include any kind of quota system or market support measures.

The PMB is lobbying hard to keep its supply side scheme, which it claims works in the interests of everyone in the UK potato trade. The great majority of growers favours the scheme. Amid the general talk of plummeting incomes at the recent Oxford Farming Conference, one potato grower was overheard to say that he had just completed his best year ever in farming after paying £30,000 in levies to the PMB.

But the Potato Processors Association, whose members purchase about 25 per cent of the UK crop, is lobbying equally hard against the PMB *scheme. The association says it* boosts the costs of its members products – such as frozen chips and crisps – and makes them less competitive than *producers on the continent.*

No-one in the UK can grow potatoes on more than 0.4 hectares (or one acre) unless they have acquired "basic area" *from the PMB. Any new* grower gets 0.5 hectares on application and can build on that or purchase or lease basic area from another registered producer. Mr Alasdair Fairbairn, the PMB chief executive, says there is a "very dynamic market in basic area", both for leasing and purchasing.

Growers with basic area pay a levy of £85.60 a hectare. If they grow too few potatoes they lose some of their basic area the following year; they are entitled to grow excess potatoes, but then must pay ten times the normal levy.

The "target area," which determines the amount of potatoes grown in the UK, is set about 18 months in advance of the growing season by a joint consultative committee. The committee comprises grower *organisations, unions and co*ops, and representatives along the supply chain, including merchants, retailers and consumer organisations. It has an *independent chairman.*

The committee looks at the requirement of the total market, including exports, before setting the target area – *154,000 hectares this year.*

Mr Fairbairn says that the system means that beyond the farm gate there is a totally free market in the UK, and points out that there are no restrictions on imports.

"We have a terrific system. Prices are market driven. The levy itself at retail level is equal to one-tenth of a penny per lb. This enables us to fund collective advertising, promotion and research and development."

The PMB, which had an income of £13m last year, wants to maintain a system which it says costs the taxpayer nothing and gives a co-ordinated approach to the industry.

Critics of the scheme point out that it dates from the 1930s when there was no potato processing *industry. Now a third* of potatoes consumed in the UK are in processed form in a market worth £1.5bn a year. However, only 25 per cent of *the UK crop is processed* – the difference is made up by imports worth up to £150m a year, according to the PPA.

Potatoes make up about 50 per cent of the cost of frozen chips and dehydrated products and 25 per cent of the cost of crisps.

Mr Richard Harris, chairman of the PPA, believes UK processors are paying more for potatoes, putting them at a disadvantage to those in continental Europe. "You don't have to be an accountant to know that if half the production costs are higher it has a heck of an effect on profitability."

He claims the PMB is exporting both potato acreage and processing capacity, with consequent effects on the balance of payments. He points out that the cost of transporting potatoes across the channel is £30 to £35 a tonne, compared with a price of only £90 a tonne. "The UK market has that protection. I don't see the need for this protectionist system."

The PMB, however, believes the system is leading to greater efficiency in the UK market. Mr Fairbairn says the number of growers has fallen from 45,000 in 1970 to 17,000 in 1990 as production becomes concentrated in the hands of serious professional growers who are on the right soil types and have invested heavily in mechanisation. Yields have also risen steadily, Mr Fairbairn says.

He thinks the PMB growers would survive in a free-for-all. But there is overwhelming support to retain the system of *collective forecasting* and balancing in order to avoid swings in price that the PMB believes could damage the heavy per capita consumption of fresh *potatoes achieved in the UK.*

The European Commission is apparently still a long way from a decision on potatoes. While a lightweight regime is generally expected, it is "not a foregone conclusion that the PMB will be abolished," according to one official.

WORLD COMMODITIES PRICES

MARKET REPORT

Gold rose on the London bullion market after Comex opened higher as buy-stops were triggered by local traders. "It's a typical short covering rally in a bear *market. . . I think the range for* the year has been $348–$360 and that says it all really," one London dealer said. The market remains wary of the approach of the Islamic month of Ramadan from March 5, during which period average gold prices have exceeded those of the preceding month only once in the past seven years, UBS analyst Andy Smith said. But this time round gold is entering Ramadan at the lowest levels since 1986. Average prices in the month following Ramadan *have usually also been lower in* the past seven years. At the London Metal Exchange copper and aluminium prices eased back from their highs during late trading *amid reports that Russia had* cancelled duties on metal exports. There was no confirmation, but after the exchange closed a government adviser, speaking in Moscow, said some Russian companies were receiving tax breaks. At the close cash copper was £1,298.75 a tonne, up £7.25 on the day, while cash aluminium was down $4 at $1,318.50 a tonne. The May robusta coffee price ended $11 higher at $813 a tonne on short-covering.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.35-5.45w	-0.20
Brent Blend (dated)	$17.50-7.55	+.325
Brent Blend (Apr)	$17.55-7.60	+0.30
W.T.I. (1 pm est)	$18.65-8.70w	-0.30

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$200-202	+4
Gas Oil	$181-182	
Heavy Fuel Oil	$68-70	
Naphtha	$179-180	+2
Petroleum Argus Estimates.		

Other		+ or -
Gold (per troy oz)♣	$353.80	+4.45
Silver (per troy oz)♣	413c	+3.0
Platinum (per troy oz)	$360.75	+7.65
Palladium (per troy oz)	$84.25	+0.75
Copper (US Producer)	107.21c	+0.77
Lead (US Producer)	37.37c	
Tin (Kuala Lumpur market)	14.13r	-0.19
Tin (New York)	259.0c	-2.5
Zinc (US Prime Western)	62c	
Cattle (live weight)†	106.70p	+0.25*
Sheep (live weight)†♠	101.31p	-0.17*
Pigs (live weight)†	95.25p	-1.02*
London daily sugar (raw)	$204.1v	-6.4
London daily sugar (white)	$260.5v	-1.5
Tate and Lyle export price	£223.5	-4.5
Barley (English feed)	£120	
Maize (US No. 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq.	
Rubber (Apr)♥	51.75p	-0.25
Rubber (May)♥	52.00p	-0.25
Rubber (KL RSS No 1 Mar)	210.0m	
Coconut oil (Philippines)§	$855.0t	-7.5
Palm Oil (Malaysian)§	$385.0q	
Copra (Philippines)§	$450.0y	-5.0
Soyabeans (US)	£150.0q	-2.0
Cotton "A" index	56.25c	+0.05
Wooltops (64s Super)	480p	+7

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Apr/May u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb w-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	175.00	176.00	175.60 172.00
May	178.60	177.60	178.40 176.00
Aug	185.60	183.20	182.60 182.00
Oct	185.00	185.00	183.60 183.20
Dec	186.00		184.40
White	**Close**	**Previous**	**High/Low**
May	260.3	258.6	261.0 258.0
Aug	264.5	263.6	265.9 263.0
Oct	256.5	258.0	256.5 255.0
Mar	260.5	260.0	259.5

Turnover: Raw 642 (430) lots of 50 tonnes. White 1625 (916)

Paris- White (FFr per tonne): May 1464.22 Aug 1508.99

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Apr	17.57	17.36	17.60 17.28
May	17.61	17.40	17.62 17.32
Jun	17.64	17.46	17.64 17.43
Jul	17.63	17.46	17.63 17.53
Aug	17.65	17.50	17.65
Sep	17.67	17.56	17.68 17.57
Nov	17.80		17.80
IPE Index	17.33	17.34	

Turnover 14906 (18775)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Mar	160.75	159.75	161.00 158.50
Apr	160.00	158.75	160.50 157.50
May	160.00	158.25	160.00 157.50
Jun	161.50	159.50	161.50 158.50
Jul	163.75	162.00	163.75 161.50
Aug	165.75	164.25	165.75 163.50
Sep	167.25	165.50	168.50

Turnover 13395 (10275) lots of 100 tonnes

FRUIT & VEGETABLES

Spania lemons are plentiful for Pancake Day (3.03.92) and are priced at 12-20p each (15-20p). Bramley apples at 35-50p a lb (45-55p) and bananas at 48-60p a lb (48-65p). Top quality broccoli is very reasonably priced at 35-40p per 8oz pre-pack (50-65p). Other notable vegetable buys include: carrots at 15-20p a lb (15-20p) and white and red cabbage varieties at 15-25p a lb (15-25p). Round lettuce at 28-40p each (30-45p) is an excellent salad buy, together with tomatoes at 60-78p a lb (50-75p) and spring onions at 35-45p a bunch (45-55p). (Note: last week's prices shown in brackets)

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	675	673	680 673
May	701	709	706 699
Jul	728	736	735 727
Sep	754	759	760 754
Dec	786	793	794 789
Mar	818	823	824 820
May	838		842 840
Jul	858		863
Sep	877		880

Turnover: 4310 (11202) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Feb.28 876.74 (864.37) 10 day average for Feb.27 853.29 (849.60)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Mar	798	786	810 795
May	815	802	825 810
Jul	842	830	848 837
Sep	864	856	870 864
Nov	891	884	892 889
Jan	915	916	913 907

Turnover:7361 (6327) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Feb. 26: Comp. daily 53.84 (53.37) 15 day average 55.53 (55.69)

Sterling close: March £452

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Mar	120.0	120.0	115.0
Apr	120.8	119.0	120.0 119.0
May	143.0	141.3	143.0 142.0

Turnover 97 (117) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	127.00	128.50	127.00
Oct	127.00	128.50	127.00

Turnover 250 (50) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Mar	1266	1265	1275 1260
Apr	1296	1307	1305 1293
Jul	1121	1126	1125 1115
Oct	1246	1234	1239
BFI	1228	1227	

Turnover 267 (286)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Mar	124.80	124.50	125.00 124.50
May	128.50	128.35	128.90 128.35
Jun	130.25	130.00	130.30
Nov	115.55	115.65	115.50 115.45
Jan	119.30	119.35	119.25 119.15
Mar	122.45	122.60	122.40
Barley	**Close**	**Previous**	**High/Low**
Mar	115.55		115.55
May	118.90		118.80

Turnover: Wheat 295 (202), Barley 70 (26). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Mar	119.5	119.0	119.0 118.5
Apr	118.0	117.0	117.5 117.0
May	115.8	115.0	115.5 115.0
Jun	114.8	114.0	114.3 114.0
Jul	109.5	109.0	109.0
Aug	109.0		108.5 108.0
Sep	109.5		108.8
Oct	110.5		110.0

Turnover:105 (52) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 23,236 lots
Cash	1318-9	1322-3	1312	1311-2		
3 months	1344-5	1348-9	1346/1332	1335.5-6.5	1337.5-38.0	149,834 lots
Copper, Grade A (£ per tonne)						Total daily turnover 28,143 lots
Cash	1298.5-9.0	1291-2	1295/1285	1285.5-6.0		
3 months	1309-10	1305-6	1309/1297	1298-8.5	1306-6.5	120,915 lots
Lead (£ per tonne)						Total daily turnover 3,421 lots
Cash	291.75-2.25	292-3		290.5-1.0		
3 months	303.25-3.50	303.5-4.0	304/301	301-1.25	304-4.5	14,328 lots
Nickel ($ per tonne)						Total daily turnover 3,851 lots
Cash	7910-20	7925-35		7895-900		
3 months	7890-5	7990-8000	7990/7940	7960-5	7980-90	22,581 lots
Tin ($ per tonne)						Total daily turnover 1,295 lots
Cash	5595-605	5590-600		5605-10		
3 months	5645-50	5640-50	5670/5630	5650-5	5645-50	5,540 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 16,405 lots
Cash	1163-5	1160-1	1158.5	1159-60		
3 months	1182-3	1180-1	1189/1178	1179.5-80	1185-6	45,986 lots

LME Closing £/$ rate: SPOT: 1.7550 3 months: 1.7285 6 months: 1.7091 9 months: 1.6893

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	353.60-354.00	
Opening	350.60-351.00	
Morning fix	350.85	199.823
Afternoon fix	353.75	200.595
Day's high	355.10-355.40	
Day's low	350.10-350.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.50	6 months	3.50
2 months	3.50	12 months	3.56
3 months	3.50		

Silver fix	p/fine oz	US cts equiv
Spot	232.30	410.00
3 months	238.20	414.20
6 months	244.00	418.70
12 months	254.95	428.30

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	353.75-354.75	200.50-201.00
Maple leaf	364.60-365.60	206.50-207.00
New Sovereign	86.25-87.25	49.00-49.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Dec	Jan	Dec	Jan
1250	75	120	1	22
1350	7	60	32	61
1450		25	125	124
Copper (Grade A)	**Calls**		**Puts**	
2150	132	127	1	13
2250	35	61	3	48
2350	1	23	68	108
Coffee	**May**	**Jul**	**May**	**Jul**
750	70	102	5	11
800	34	67	19	26
850	14	40	49	49
Cocoa	**May**	**Jul**	**May**	**Jul**
750	10	28	59	51
775	6	21	80	69
800	3	16	102	88
Brent Crude	**Apr**	**May**	**Apr**	**May**
1700	13		13	30
1750	31		29	
1800	11	35	61	79

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	353.9	349.7	353.2	353.2
Apr	355.0	350.8	358.6	351.8
Jun	357.2	353.0	358.6	354.1
Aug	359.4	355.3	359.6	356.6
Oct	361.6	357.5	361.8	359.0
Dec	363.9	359.8	364.2	360.8
Feb	366.3	362.2	0	0
Apr	368.7	354.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	359.6	358.9	362.5	356.6
Jul	360.0	356.2	361.0	358.5
Oct	362.2	359.4	364.0	363.5
Jan	362.2	359.4	364.0	361.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	410.3	406.1	412.5	407.5
Apr	412.1	407.8	0	0
May	414.0	409.5	416.5	411.0
Jul	417.3	412.8	419.5	414.0
Sep	420.7	416.2	421.5	420.5
Dec	426.1	421.8	426.5	424.0
Jan	427.8	423.3	0	0
Mar	432.0	427.5	433.0	432.0
May	436.4	431.9	438.0	436.0
Jul	440.8	436.3	442.5	442.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	103.05	102.35	103.40	102.60
Apr	103.40	103.10	103.25	103.10
May	103.30	102.90	103.50	102.70
Jun	102.70	102.35	102.50	102.50
Jul	102.15	101.80	102.40	101.80
Aug	101.85	101.60	0	0
Sep	101.55	101.35	101.70	101.35
Oct	101.35	101.20	0	0
Nov	101.20	101.05	100.00	100.00
Dec	101.05	100.90	101.30	100.85

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	18.71	18.45	18.75	18.55
May	18.87	18.62	18.90	18.69
Jun	19.00	18.79	19.03	18.85
Jul	19.11	18.91	19.12	18.97
Aug	19.15	18.98	19.15	19.01
Sep	19.15	19.02	19.15	19.04
Oct	19.14	19.06	19.17	19.08
Nov	19.17	19.09	19.17	19.14
Dec	19.20	19.13	19.22	19.13
Jan	19.18	19.12	19.16	19.15

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Mar	5110	5087	5140	5085
Apr	5150	5101	5170	5095
May	5140	5080	5145	5070
Jun	5140	5082	5145	5080
Jul	5180	5122	5185	5130
Aug	5265	5197	5265	5215
Sep	5400	5332	5400	5350
Oct	5470	5442	5480	5460
Nov	5590	5542	5590	5580
Dec	5695	5642	5700	5655

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1102	1101	1118	1096
May	1122	1128	1138	1121
Jul	1156	1161	1170	1155
Sep	1190	1193	1200	1189
Dec	1233	1240	1248	1233
Mar	1268	1275	1280	1280
May	1297	1302	0	0
Jul	1319	1324	0	0
Sep	1353	1357	1355	1355
Dec	1386	1392	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	67.75	67.50	67.90	67.00
May	69.15	69.10	69.55	68.30
Jul	72.00	71.90	72.10	71.00
Sep	74.50	74.50	74.75	73.60
Dec	77.70	77.75	77.75	77.20
Mar	81.50	81.75	81.25	80.75
May	84.50	84.25	0	0
Jul	85.50	85.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	7.80	7.87	7.90	7.66
May	7.98	7.96	8.10	7.90
Jul	8.16	8.11	8.21	8.02
Oct	8.34	8.25	8.35	8.19
Mar	8.54	8.46	8.54	8.39
May	8.56	8.47	8.54	8.53
Jul	8.68	8.59	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	54.50	54.90	55.05	54.30
May	56.60	56.96	57.08	56.[illegible]
Jul	58.33	58.50	58.80	57.
Oct	60.03	60.10	60.05	59.
Dec	60.65	60.65	60.70	60.3[illegible]
Mar	62.15	62.15	0	0
May	62.65	62.70	62.50	62.40
Jul	63.13	63.36	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	141.45	142.00	142.30	14[illegible] 0
May	138.25	138.30	138.40	[illegible]0
Jul	135.90	136.10	136.30	[illegible]0
Sep	131.55	132.00	132.10	[illegible].80
Nov	124.80	124.65	125.20	124.50
Jan	124.50	124.56	0	0
Mar	124.25	124.55	0	0
May	124.25	124.55	0	0
Jul	124.25	124.55	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb.27	Feb.26	mnth ago	yr ago
1607.5	1606.0	1588.2	1609.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb.26	Feb.25	mnth ago	yr ago
Spot	118.97	118.60	115.44	123.80
Futures	121.88	121.52	123.44	128.09

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	573/6	572/6	575/0	572/0
May	582/0	580/6	583/6	580/4
Jul	590/6	590/0	592/6	589/0
Aug	594/4	593/6	596/6	594/0
Sep	597/4	597/4	600/0	597/4
Nov	607/2	605/6	609/0	605/4
Jan	616/6	615/4	618/0	616/4
Mar	625/4	625/2	627/0	625/2

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	19.39	19.48	19.61	19.35
May	19.69	19.78	19.93	19.65
Jul	19.99	20.07	20.22	19.96
Aug	20.16	20.24	20.39	20.15
Sep	20.28	20.38	20.52	20.28
Oct	20.40	20.48	20.65	20.40
Dec	20.73	20.83	20.97	20.72
Jan	20.82	20.90	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	172.6	173.1	173.4	172.5
May	175.7	175.8	176.3	175.2
Jul	178.0	178.2	178.6	177.7
Aug	179.0	179.0	179.5	178.7
Sep	180.3	180.3	180.7	179.9
Oct	194.5	194.0	195.0	194.0
Dec	195.9	195.8	196.5	195.3
Jan	196.5	196.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	261/6	261/2	262/0	260/0
May	269/2	268/0	269/4	267/2
Jul	275/0	273/6	276/0	272/6
Sep	272/4	270/6	272/4	270/4
Dec	269/4	268/0	269/6	267/2
Mar	275/6	274/4	275/6	274/0
May	279/4	278/2	280/2	278/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	410/4	416/0	417/0	408/4
May	406/4	410/4	412/0	405/4
Jul	386/6	385/6	388/0	383/4
Sep	390/2	389/2	391/2	388/0
Dec	400/2	400/4	401/0	397/0
Mar	402/0	402/0	405/4	402/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	77.050	76.700	77.400	76.550
Jun	73.250	72.850	73.500	72.700
Aug	69.000	68.750	69.250	68.700
Oct	68.125	68.225	68.450	68.075
Dec	68.850	68.825	68.950	68.750
Feb	68.300	68.175	68.650	68.300

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	39.300	39.300	39.650	39.050
Jun	44.175	44.025	44.750	43.800
Jul	44.625	44.325	44.900	44.100
Aug	43.200	42.800	43.350	42.800
Oct	40.175	40.075	40.400	40.000
Dec	43.125	43.050	43.350	42.850
Feb	44.000	43.650	44.200	43.750
Apr	42.150	42.150	0	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	32.050	32.200	33.050	31.850
May	34.050	33.700	34.575	33.400
Jul	35.025	34.750	35.600	34.525
Aug	34.375	34.075	35.050	34.125
Feb	46.750	46.500	47.400	46.750
Mar	46.000	46.000	46.600	0
May	46.600	0	0	0
Jul	46.500	0	0	0

LONDON STOCK EXCHANGE

Equities recover from brief setback

By Terry Byland, UK Stock Market Editor

A SUCCESSFUL defensive session in the UK stock market yesterday saw share prices hold steady in the face of a substantial widening of the monthly trade deficit and another round of generally bearish trading announcements from leading British companies.

Some encouragement was drawn from a maintained dividend payment from Midland Bank, but both ICI and Royal Insurance fell on their respective results and the market reacted negatively to the unexpected news that British Airways' hopes of a merger with KLM, of the Netherlands, have collapsed.

The stock market was jolted at midsession by the announcement that the monthly current account deficit on UK trade had increased dramatically to £794m in January. But a steady performance by sterling and the UK bond market soothed any fears in equities that the widely expected base rate cut might be in jeopardy.

Account Dealing Dates		
*First Dealings:		
Feb 10	Feb 24	Mar 9
Option Declarations:		
Feb 20	Mar 5	Mar 19
Last Dealings:		
Feb 21	Mar 6	Mar 20
Account Day:		
Mar 2	Mar 16	Mar 30

*New-time dealings may take place from 8.30 am two business days earlier.

The FT-SE Index closed 3.0 down at 2,562.0, having moved erratically between 2,572 and 2,555 during the session. Stock index futures played a less significant role in the underlying stock market than recently and market indices were often distorted by movements in the blue chip companies announcing results yesterday.

Price movements in ICI, Royal Insurance and British Airways represented a fall of around 2.75 points on the Footsie index , but were balanced by the advance by Midland, worth about 1.1.

Seaq volume increased to 606.1m shares from the 548.6m of the previous session. The trading focus on ICI, Midland, BP, British Airways and other stocks favoured by the fund managers was believed to have inflated retail, or customer business again yesterday; on Wednesday, retail business in equities totalled £972m, a relatively high level.

The advance of 25 Dow points on Wall Street overnight had little effect on a London market now firmly geared to the prospect of a positive Budget speech by Mr Norman Lamont, the UK chancellor of the exchequer, a week on Tuesday, with a reduction of at least half a point off UK base rates closely linked to it.

With the electoral prospects of the Conservative government still uncertain, share prices opened sluggishly before responding favourably to the news that Midland Bank had beaten market forecasts by reporting a small profit and dividend payment.

However, a gain of seven points, taking the Footsie to the day's peak, was soon trimmed as investors reacted to a substantial loss at Royal Insurance and a discouraging trading statement from ICI as it disclosed the expected fall in annual profits.

Although the retail and consumer-orientated sectors continued to display optimism for the expected reduction in UK base rates, the wider range of domestic equities lacked enthusiasm.

Insurance stocks were depressed by Royal's trading figures while among the pharmaceuticals, Glaxo lost further ground as Denmark brought the group's drug prices before the European Commission.

However, with US buyers still sustaining the BP share price in late dealings, the blue chip international stocks held steady and the London market was left to await publication of the next poll of political opinion in the UK, which is expected at the weekend.

FINANCIAL TIMES STOCK INDICES

	Feb 27	Feb 26	Feb 25	Feb 24	Feb 21	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	88.55	88.49	88.31	88.19	88.21	85.39	88.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	101.49	101.45	101.33	101.17	101.21	93.56	101.56 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1986.7	2002.9	1989.8	1999.7	1982.9	1877.8	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	127.2	128.7	129.8	128.6	130.8	134.4	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2582.0	2565.0	2546.8	2559.7	2542.3	2348.0	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1193.41	1194.70	1185.41	1192.22	1182.68	1083.75	1198.60 (3/9/91)	938.62 (16/1/91)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.50	4.61	4.63	4.60	4.63	5.14				
●Earning Yld %(full)	6.53	6.66	6.67	6.63	6.68	10.72				
●P/E Ratio(Net)(☆)	19.24	18.77	18.75	18.88	18.73	11.28				
SEAQ Bargns 5.00pm	33,359	26,639	28,406	28,078	36,143	31,228				
Equity Turnover(£m)†	-	972.0	970.8	662.5	1108.9	1089.36				
Equity Bargains†	-	32,753	32,780	27,893	30,617	31,513				
Shares Traded (ml)†	-	457.9	445.4	352.4	462.7	494.9				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90 ☆ Nil 18.29

Ordinary Share Index, Hourly changes Day's High 1995.0 Day's Low 1981.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1995.0	1986.2	1991.9	1992.7	1985.7	1985.7	1985.3	1984.7	1987.1

FT-SE 100, Hourly changes Day's High 2572.0 Day's Low 2555.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2565.1	2561.0	2569.0	2570.4	2564.2	2564.6	2563.5	2559.4	2561.7

FT-SE Eurotrack 200, Hourly changes Day's High 1199.43 Day's Low 1192.62

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1198.46	1198.44	1198.96	1197.67	1198.38	1195.97	1195.61

GILT EDGED ACTIVITY

Indices*	Feb 26	Feb 25
Gilt Edged Bargains	175.4	134.8
5 – Day average	131.2	114.6

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Royal hit hard by results

COMPOSITE insurer Royal Insurance plunged following results described variously in the market as "disastrous" and "appalling". The decision to pass the final dividend hit hardest at a share price which dropped 49 at one stage, although it recovered later to 190p, a final loss of 36 on the day. Turnover was very heavy at 20m shares.

The group's executives also failed to turn in a convincing performance at the post-results meeting with analysts. "They did nothing to remove the uncertainty surrounding future trading prospects, or to give any guidance on dividend expectations," said Mr Steven Bird at County NatWest.

Other analysts complained that the lack of information given at the meeting meant that putting any value on the stock was extremely difficult. Improvement in the group's US operations was more than offset by the worsening situation in the UK insurance business. Many observers believe that Royal will have to consider the sale or flotation of its life assurance operation, which made profits of around £47m and is valued at some £540m.

Analysts' forecasts for 1992 are mostly in the range of losses of £150m to £200m, with the group edging into profitability by 1993.

Worries about mortgage indemnity losses, borne out by Royal's results, depressed the other composites. Commercial Union lost 8 to 458p, General Accident 10 to 426p, Guardian Royal Exchange 9 to 110p, Sun Alliance 13 to 271p, and BAT Industries with its Eagle Star subsidiary, 11 to 649p.

Midland pleases

Surprise and relief greeted Midland Bank's small profit and its decision to pay a final dividend. The shares gained 21 to 260p in very large turnover of 17m. The bank's cost control measures and the improvement in distributable reserves pleased the market.

However, questions still remain over the bank's management of bad debts and the level of provisions. "I am concerned about the general quality of Midland's loan portfolio and its judgment on provisions," said Mr Tim Clarke at Panmure Gordon. Yield worries were also voiced by a number of observers. Mr Mike Fesemeyer at Nomura said: "A current yield of 2.6 per cent puts the share price under pressure and could threaten the dividend next year."

For 1992, analysts' forecasts range from £200m to £280m, with recovery in 1993 to the region of £500m to £580m.

BA above worst

The share price of British Airways was down 18p at one stage, after it emerged - and was later confirmed by the company - that merger talks with KLM, the Dutch airline, had been terminated.

The news led to heavy selling and turnover reached 8m shares by mid-morning. Bargain hunters, however, came in at the lower levels, and dealers reported good two-way business by the afternoon, helping the stock to recover some ground to end 11 off at 265p after heavy volume of 17m.

Light US selling was noted and the American Depositary Receipts (ADRs) fell by $2¼ to $46⅞ in early trading.

Mr Clive Anderson, at Smith New Court, said: "The prospects of the KLM deal added froth to the share price. In the short term, the fundamentals are encouraging, hence the recovery in the share price. However, in the long term, there is a prospect of greater competition on the north Atlantic routes."

Miss Yasmin Harrison, at James Capel, added: "It is a good thing that BA can walk away from a deal it does not feel is right for shareholders."

Preliminary results from ICI were in line with forecasts but the statement from chairman Sir Denys Henderson steered analysts away from premature enthusiasm.

Most observers cut their estimates back after the meeting and the range of profit forecasts widened as a result of diverging views regarding the chances of a recovery in the global economy. Smith New Court moved its 1992 figure back by £50m to £950m but suggested the stock should be bought on weakness. Nikko came back by £100m to £1bn and took a more negative view on the shares, arguing that their rating, in 1993 terms, was too demanding for a chemicals stock. ICI fell 23 to 1284p.

British Gas eased ½ to 258p as analysts suggested that while the results were difficult to judge in view of the change in year-end to December from March, the overall impression was disappointing.

Criticism over its drug pricing weighed on Glaxo again yesterday and the shares weakened 20 to 774p on hefty turnover of 4.3m, following very busy dealing in New York overnight where the equivalent of 8.6m shares were traded.

News that the Danish Office of Fair Trading had asked the European Commission to look into Glaxo's pricing reached the London market late on Wednesday afternoon, when marketmakers had only a short time to react.

However, some felt the reaction was overdone. Mr Andrew Porter of Nikko Securities said: "In the recent six-month figures only 1 per cent of the growth was the result of price increases. This is an industry-wide issue and it is unfair to single Glaxo out." Nikko is a strong buyer and believes the shares will touch £10 by the end of the year.

Fisons moved ahead 9 to 389p on renewed talk that a bid might emerge soon for the healthcare group. Almost every company with a vague link has been cited.

Good two-way business in British Telecom saw 13m traded in the partly-paid shares, the price edging up 1¼ to 122¾p. Cable and Wireless rose 10 to 603p as recent buy notes from a couple of brokers and a series of presentations over the past week by Charterhouse Tilney lifted the stock.

An upbeat trend was maintained by BP, following recent optimistic comments from New York. The stock put on 2½ to 267p on reduced, but still strong, turnover of 18m shares. Shell also contined to recover, gaining 3 to 451p.

The depressed construction sector saw a ray of hope in Alfred McAlpine's forecast that full results for the current financial year will show a modest improvement over 1991. The shares advanced 12 to 205p in spite of a warning that the first half is likely to be poor.

Ranks Hovis, where Mr Howden is currently managing director, relinquished 7 to 207p.

A buy recommendation for Iceland from BZW pushed the shares up 16 to 454p. Mr Bill Currie, at BZW, said: "We think trading is extremely buoyant and the figures (for 1991) will be good." BZW is forecasting £46.5m, against £40.35m previously.

Brewer Allied-Lyons gained 4 to 637p in a generally firm sector. Allied has sold its brandy and distribution interests in Spain to the privately-owned Pedro Domecq for £50m.

Full-year results from Courtaulds Textiles pleased the market and the shares continued recent strength to set an all-time high of 463p, up 19 on turnover of 1.1m. S.G. Warburg, the company's broker, increased its 1992 profits estimate by £3m to £48m.

Reappraisal of potential BSkyB profits was said to be behind another strong performance from Pearson, which rose 6 to 813p, a 2¼-year high. One analyst argued that, assuming the satellite television channel is floated, Pearson's 16 per cent stake will translate into some £400m, which compares very favourably with the £107m the publisher invested.

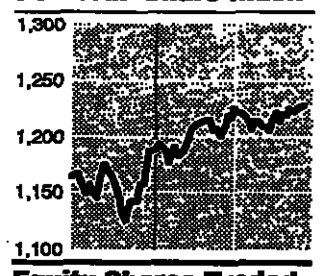
The market once again took a somewhat negative view of the way Williams Holdings reports its accounts and the shares fell 12 to 313p in spite of the announcement of full-year figures in line with market forecasts.

The prospect of a better outlook following the current analysts' visit to British Aerospace lifted the stock 12 to 308p, while a squeeze in Siebe saw the shares add 14 at 394p.

MARKET REPORTERS:
Christopher Price,
Colin Millham,
Joel Kibazo, Peter John.

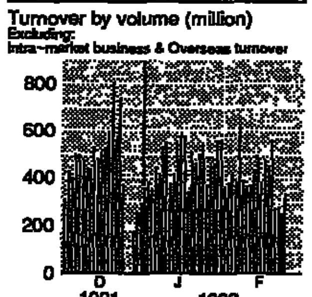
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 18.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (119).

BRITISH FUNDS (42) Tr. 3pc 1992, Tr. 9pc '92-96, Cv. 10pc 1996, Ex. 10½pc 1997, Tr. 8¾pc 1997, Ex. 9¾pc 1998, Tr. 6¾pc '95-98, Ex. 12pc 1998, Tr. 9½pc 1999, Ex. 12¼pc 1999, Tr. 10½pc 1999, Cv. 10¼pc 1999, Cv. 9pc 2000, Tr. 13pc 2000, Tr. 10pc 2001, Tr. 14pc '98-01, Tr. 9¾pc 2002, Do. C, Tr. 11½pc '01-04, Fd. 3½pc '99-04, Cv. 9½pc 2004, Do. A. Cv. 9½pc 2005, Tr. 12½pc '03-05, Tr. 8pc '02-06, Tr. 11¾pc '03-07, Tr. 8½pc 2007, Do. A., Tr. 13½pc '04-08, Tr. 9pc 2008, Tr. 8pc 2009, Cv. 9pc 2011, Do. B, Tr. 9pc 2012, Tr. 7¾pc '12-15, Ex. 12pc '13-17, Cons. 4pc, War loan 3½pc, Cv. 3½pc '61 Aft., Tr. 2pc IL 1996, Tr. 2½pc IL 2001, OTHER FIXED INTEREST (5) African Dev. 11⅛pc 2010, Asian Dev. 10¼pc 2009, Hydro Quebec 15pc 2011, Inter-Amer. 12½pc 2003, Do. 9¾pc 2015, AMERICANS (3) Abbott Labs., Amadhi, Eaton, BANKS (1) HSBC, BREWERS & DISTILLERS (5) Bass, Guinness 5¼pc Prf., Holt (J), Mansfield, Wolv. & Dudley, BUILDING MATERIALS (2) Hepworth, Rugby, BUSINESS SERVICES (1) Hogg Robinson, CHEMICALS (2) Allied Colloids, Engelhard, CONGLOMERATES (2) Jardine Hdgs., MB-Caradon, CONTRACTING & CONSTRUCTION (1) Maunders (J), ELECTRICALS (2) Menvier-Swain, Volex, ELECTRICITY (1) Yorkshire, ELECTRONICS (6) ACT, MTL Instrs., Macro 4, Micro Focus, Misys, Siemens, ENGINEERING GENERAL (4) Carclo, Halma, Siebe, Weir, FOOD MANUFACTURING (2) Dalepak, Salvesen (Ch), FOOD RETAILING (4) Argyll, Iceland Frozen, Morrison (Wm), Do 5¼pc Prf., HEALTH & HOUSEHOLD (2) Macarthy, Proteus, HOTELS & LEISURE (3) Airtours, Stanley Leis., Tottenham Hotspur, INVESTMENT TRUSTS (12) Aberforth Split Level, Beta Global Emrg. Mkts., China & Eastern, M & G Inc. Zero Prf., Mexico Fund, Pacific Assets, Do. Wrrnts., South Amer. Fund., SE Asian Fund Wrrnts., St. Davids Zero Prf., TR Tech. Zero Prf., Templeton Emrg. Mkts., MEDIA (6) Abbott Mead V., Daily Mail A, Gold Greenlees T., Headline Book, Harrington Kilbride, Pearson, MISCELLANEOUS (2) FII, Headlam, OTHER FINANCIAL (3) Jardine Strategic, Lon. Forfaiting, M & G, OTHER INDUSTRIAL MATERIALS (1) Tomkins 6¼pc Prf., PACKAGING, PAPER & PRINTING (3) Bowater, Do. 7.75pc Prf., De La Rue, TEXTILES (2) Courtaulds, Leeds, TRANSPORT (1) Cathay Pacific, WATER (1) Northumbrian.

NEW LOWS (44).

AMERICANS (1) Pennzoil, BUSINESS SERVICES (2) African Lakes, Gardiner, CONGLOMERATES (1) Chillington, ELECTRICALS (1) Fujitsu, ELECTRONICS (3) AB Electronic, ISA, Kewill Systs., ENGINEERING GENERAL (2) Silvermines, Sterling Inds., FOOD MANUFACTURING (1) Sheldon Jones, HOTELS & LEISURE (2) Allied Leis., Ryan Hotels, INSURANCE COMPOSITE (2) Royal Insce., Sun Alliance, INVESTMENT TRUSTS (8) City of Oxford Inc., Greyfriars, M & G Dual Inc., M & G Inc. Geared Units, Morgan Grenfell Equity Wrrnt., River & Merc. Geared Inc., River & Merc. Wrrnts., River Plate Wrrnts., Scot. Natl. Inc., MOTORS (1) Jacks (Wm), OIL & GAS (3) Brabant Res., Br. Borneo, Pict Petrlm., OTHER FINANCIAL (2) Bridgend, London Fin., OTHER INDUSTRIAL MATERIALS (1) OMI, PROPERTY (6) Derwent Valley, High-Point, MEPC, Prior, Slough Ests., Wates City of Lon., STORES (2) Mallett, Ratners, PLANTATIONS (1) Rowe Evans, MINES (4) Kinross, Leslie, Loraine, Stilfontein.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	26	440		Cookson	774	116		Lucas	703	117	-1	Shell Transport	3,300	451	+3
ASDA Group	9,500	41	+1	Courtaulds	372	539	-2	MB Caradon	1,100	276	+4	Siebe	586	394	+14
Abbey National	3,700	304	-1	Dalgety	1,400	388	+1	MEPC	1,200	343	+1	Slough Ests.	678	201	+1
Albert Fisher	4,800	65	+3	De La Rue	1,000	594	+14	Meneeb	1,000	324	+11	Smith (W.H.) A	842	480	+1
Allied-Lyons	1,700	637	+4	Dixons	1,300	240	+2	Marks & Spencer	3,800	321	+6	Smith & Nephew	2,300	152½	-½
Amstrad	2,100	30		ECC Group	7,100	465	-12	Midland Bank	17,000	260	+21	SmKl Beecham	1,300	815	-2
Anglian Water	1,000	375	+3	Eastern Elect.	652	258	+3	Midlands Elect.	845	282	+6	SmKl Beecham Uts.	58	4185	-15
Argos	2,000	293	-6	East Midland Elect.	883	272	+8	NFC	600	235	+1	Smiths Inds.	744	288	
Argyll Group	3,100	335½	+5	Enterprise Oil	1,300	396	+1	NatWest Bank	4,800	308	-4	Southern Elect.	1,200	260	+3
Arjo Wiggins	1,200	240	-2	Eurotunnel Units	887	465	+6	National Power	7,100	224	+4	South Wales Elect.	44	331	+2
Ass. Brit. Foods	87	432		FKI	842	81		Next	1,100	65½	+½	South West Water	102	388	+6
BAA	1,500	580	+1	Ferranti	633	5½	-¼	North West Water	657	378	+2	South West. Elect.	1,000	290	+8
[illegible]				[illegible]				[illegible]				[illegible]			
British Steel	5,400	74	-1	Inchcape	1,500	448	+11	Rothmans	279	1095	+4	Vodafone	2,500	385	+1
British Telecom	6,100	334½	+1	Kingfisher	1,100	557	+10	Ryl Bk. Scotland	1,000	177	-4	Warburg (SG)	871	558	+18
Br. Telecom New	13,000	122¾	+1½	Kwik Save	640	678	+5	Royal Insurance	20,000	190	-36	Wellcome	559	1115	
Bunzl	238	82		Ladbroke	2,700	235½	+3½	Saatchi	18,000	16½	-¼	Welsh Water	437	400	+5
Burmah Castrol	222	522	+2	Land Securities	581	443	+4	Sainsbury	2,100	394	-3	Wessex Water	698	419	
Burton	5,600	38½	+1½	Laporte	279	602	-4	Scottish & New	1,500	451		Whitbread 'A'	1,400	485	+8
Cable & Wire.	1,700	603	+10	Legal & General	2,600	369	-6	Scot. Hydro-Elect.	2,100	105	+½	Williams Hldgs.	4,400	313	-12
Cadbury Schweppes	2,400	474		Lloyds Abbey	375	382	+1	Scottish Power	9,400	103		Willis Corroon	206	242	-1
Calor Group	1,800	187	+2	Lloyds Bank	4,000	405	-7	Sears	2,300	104		Wimpey	157	129	-2
Carlton Comms.	1,000	551	+2	LASMO	1,500	300	+1	Sedgwick	1,300	213	-2	Wolseley	13	433	-2
Coats Viyella	2,800	192	+7	London Elect.	1,000	283	+1	Seeboard	704	280	+9	Yorkshire Elect.	449	332	+7
Comm. Union	1,200	458	-8	Lonrho	5,700	114	-7	Severn Trent Water	1,000	349	+4	Yorkshire Water	1,000	401	+8

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

DEALERS reported a dull session in stock index futures, with disappointing news from several leading companies taking centre stage, writes Joel Kibazo.

Independent traders sent the March contract forward early in the session, and it soon recorded an 8-point gain to 2,590.

But a downbeat trading statement accompanying ICI's full-year figures, together with the disappointing news of the collapse of merger talks between British Airways and KLM, sent March into retreat.

A poor Wall Street brought out more sellers, but independent traders moving to cover short positions as March fell to 2,565 led to a bounce before the close.

March closed at 2,573, down 11 on the previous session and around 3 points above its estimated fair value premium to cash of about 6. Turnover reached 5,618.

Turnover in traded options was a resonable 31,157 contracts. Volume in the FT-SE 100 index option at 7,429 lots was down ahead of its expiry today, but reasonable trading was seen in the stock options.

Tesco was the top stock option, recording a day's total of 1,873 lots. This was followed by Midland Bank, which traded 1,643 contracts.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
2pc IL 1992‡‡		138⅛xd	—	138⅛	125⁷⁄₁₆	—	—
8pc 1992 ‡‡		99¹¹⁄₁₆	—	99½	95¹¹⁄₁₆	8.03	9.57
10½pc Cv 1992‡‡		100⅛	—	100⁵⁄₃₂	98½	10.49	10.08
3pc 1992		98½	+¹⁄₃₂	98½	91⅛	3.05	8.09
Exch 12¼pc 1992		101⅛xd	—	102⅛	100⅝	12.11	9.80
13½pc 1992		102⅛xd	—	104¼	101³⁄₃₂	13.29	9.76
Treas 8¼pc 1993		98¹³⁄₁₆	—	98¹¹⁄₁₆	94	8.34	9.32
10pc 1993‡‡		100½	—	100¼	97⅛	9.95	9.49
12½pc 1993‡‡		103¾	—	104¾	102⅜	12.05	9.52
Funding 6pc 1993‡‡		96⅛xd	—	96⅛	89⅝	6.23	8.56
Treas 13¾pc 1993‡‡		106⅛	—	106⅛	105⅝	12.96	9.49
8½pc 1994		98⅞	—	98½	92¹¹⁄₁₆	8.63	9.35
14½pc 1994‡‡		108⅞xd	—	111⅛	108⅛	13.92	9.52
Exch 13½pc 1994		107½	—	109	105³³	12.66	9.52
Treas. 10pc Ln. 1994‡‡		101⅛	+¹⁄₁₆	101⅞	98¹³⁄₁₆	9.89	9.40
Exch 12½pc 1994		106⅞	+¹⁄₁₆	107⅛	103⅛	11.75	9.53
Treas 9pc 1994‡‡		99⅛	+¹⁄₁₆	99⅛	93¼	9.08	9.31
12pc 1995		106¼	+¹⁄₁₆	106¹³⁄₁₆	102⅛	11.29	9.46
Exch 3pc Gas 90-95		89	—	89	82¼	3.37	8.89
10¼pc 1995		102¼	—	102¹¹⁄₁₆	96¹⁵⁄₁₆	10.02	9.43
Treas 12¾pc 1995‡‡		110⅛	+¹⁄₃₂	110¹³⁄₁₆	105⅞	11.50	9.44
14pc 1996		113¹¹⁄₁₆	+¹⁄₁₆	114⅛	109³³	12.31	9.66
9pc 1992-96‡‡		100xd	+⅛	100	92¹¹⁄₁₆	9.00	9.00
15¼pc 1996‡‡		118¹⁵⁄₁₆	+¹⁄₃₂	119³¹⁄₃₂	115¹⁵⁄₁₆	12.83	9.63
Exch 13¼pc 1996‡‡		112⅛	+⅛	112¹¹⁄₁₆	108	11.78	9.56
Conversion 10pc 1996		102⅛	+¹⁄₃₂	102⅛	95³³	9.78	9.35
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		114⅛	+¹⁄₁₆	114⅛	108¹¹⁄₁₆	11.60	9.52
Exch 10½pc 1997		104½	+⅛	104½	97¼	10.05	9.32
Treas 8¾pc 1997‡‡		97²³⁄₃₂xd	+¹⁄₁₆	97²³⁄₃₂	89¹¹⁄₁₆	8.95	9.24
Exch 15pc 1997		122¹³⁄₁₆	+¹⁄₃₂	123⅛	117	12.22	9.57
9¾pc 1998		101¹³⁄₁₆	+¹⁄₁₆	101¹³⁄₁₆	93¹⁵⁄₁₆	9.58	9.32
Treas 6¾pc 1995-98‡‡		90⅛	+⅛	90⅛	80⅝	7.46	8.85
15½pc '98‡‡		128⅝xd	+⅛	128⅞	121¾	12.05	9.53
Exch 12pc 1998		112¹³⁄₁₆	+¹⁄₃₂	112¹³⁄₁₆	104⅝	10.67	9.43

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡		101⅝	+⅛	101⅝	92¹³⁄₁₆	9.35	9.16
Exch 12¼pc 1999		114⅞xd	+¹⁄₁₆	114⅞	105¹³⁄₁₆	10.73	9.45
Treas 10½pc 1999		105¹³⁄₁₆	+⅛	105¹³⁄₁₆	97⅞	9.91	9.34
Conversion 10¼pc 1999		104⅞	+¹⁄₁₆	104⅞	95¹³⁄₁₆	9.77	9.33
9pc 2000‡‡		99⅛xd	+¹⁄₁₆	99⅛	89¾	9.09	9.16
Treas 13pc 2000		119¹³⁄₁₆	+¹⁄₃₂	119¹³⁄₁₆	110½	10.85	9.51
10pc 2001		104⅛xd	+⅛	104⅛	94⅛	9.59	9.26
14pc '98-01		119¹³⁄₁₆	+¹⁄₃₂	120⅛	113⅛	11.67	9.63
9¾pc 2002		103⅛	+¹⁄₁₆	[illegible]	[illegible]	9.44	9.24
9¾p 2002 C		69⅛	+¹⁄₁₆	[illegible]	[illegible]	9.44	9.24
10pc 2003		105¹³⁄₁₆xd	+¹⁄₃₂	[illegible]	[illegible]	8.49	9.21
Treas 11½pc 2001-04		112⅛xd	+¹⁄₃₂	[illegible]	[illegible]	10.28	9.47
Funding 3½pc '99-04		63⅛	+¹⁄₁₆	[illegible]	[illegible]	9.54	8.31
Conversion 9½pc 2004		102⅛	+⅛	[illegible]	[illegible]	9.31	9.20
9½pc 2004 A		102⅛	+⅛	[illegible]	[illegible]	9.31	9.20
9½pc 2005		102¼	+⅛	[illegible]	[illegible]	9.29	9.18
Treas 12½pc 2003-05		122¹³⁄₁₆	+¹⁄₃₂	[illegible]	[illegible]	10.18	9.25
8pc 2002-06‡‡		90¹³⁄₁₆	+¹⁄₃₂	[illegible]	[illegible]	8.84	9.18
Over Fifteen Years							
Treas 11¾pc 2003-07		118⅞	+¹⁄₃₂	[illegible]	[illegible]	10.05	9.24
8½pc 2007 ‡‡		95	+¹⁄₁₆	[illegible]	[illegible]	8.95	9.09
8½pc 2007 A		94¹¹⁄₁₆	+¹⁄₁₆	[illegible]	[illegible]	8.95	9.16
13½pc '04-08		130¹³⁄₁₆xd	+¹⁄₃₂	[illegible]	[illegible]	10.35	9.24
9pc 2008 ‡‡		99⅜	+¹⁄₃₂	[illegible]	[illegible]	9.06	9.06
8pc 2009		90⅜xd	+¹⁄₃₂	[illegible]	[illegible]	8.92	9.05
Conv 9pc Ln 2011 ‡‡		99¹³⁄₁₆	+¹⁄₃₂	99¹³⁄₁₆	88⅛	9.05	9.05
9pc 2011 B		99¹³⁄₁₆	+¹⁄₃₂	99⅞	93¹³⁄₁₆	9.05	9.05
Treas. 9pc 2012		50¼	+¹⁄₁₆	58¼	49⅞	9.06	9.04
Treas 5½pc 2008-12‡‡		67¼xd	—	67¼	58⅞	8.16	9.02
7¾pc 2012-15‡‡		87⅛	+¹⁄₁₆	87⅛	78¹³⁄₁₆	8.90	9.08
Exch 12pc '13-'17		127⅛	+¹⁄₃₂	127⅛	113⅛	9.43	9.09
Undated							
Consols 4pc		42⅛	+¹⁄₁₆	42⅛	37¹³⁄₁₆	9.45	—
War Loan 3½pc‡‡		38⅛	+¹⁄₁₆	38⅛	33⅛	9.29	—
Conv 3½pc '61 Aft		61⅜xd	+¹⁄₁₆	61⅜	57⅛	5.70	—
Treas 3pc '66 Aft		31½	+¹⁄₁₆	31½	28¼	9.52	—
Consols 2½pc		26¹³⁄₁₆	+¹⁄₁₆	26¹³⁄₁₆	23⅛	9.33	—
Treas. 2½pc		26½xd	+¹⁄₁₆	26½	23¹³⁄₁₆	9.43	—

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Index – Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	124¹³⁄₁₆	+¹⁄₁₆	124¹³⁄₁₆	115⅛	2.10	3.28
2pc '96	(67.9)	181¼xd	+¹⁄₁₆	181¼	168¹³⁄₁₆	3.83	3.63
2½pc '01	(78.3)	140¹³⁄₁₆xd	+¹⁄₁₆	140¹³⁄₁₆	137⅛	3.81	4.14
2½pc '03	(78.8)	142⅛	+⅛	142⅛	133	3.93	4.20
2pc '06	(69.5)	143½	+⅛	144	135	4.07	4.29
2½pc '09	(78.8)	130⅞	+⅛	131½	124⅛	4.11	4.31
2½pc '11	(74.6)	134¹³⁄₁₆xd	+⅛	135⅛	128⅛	4.13	4.31
2½pc '13	(89.2)	110⅞	+⅛	111⅛	105⅞	4.13	4.30
2½pc '16	(81.6)	118⅛	+⅛	118¹³⁄₁₆	113¹³⁄₁₆	4.12	4.29
2½pc '20	(83.0)	113¼	+¹⁄₁₆	113¹³⁄₁₆	109½	4.13	4.27
2½pc '24‡‡	(97.7)	93¹³⁄₁₆	+¹⁄₁₆	95¼	90¹³⁄₁₆	4.12	4.25

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3 945. RPI for June 1991: 134.1 and for January 1992: 135.6.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11⅛ 2010		111½	+¹⁄₁₆	111½	95⅞	10.70	9.74
Asian Dev 10¼pc 2009		105¹³⁄₁₆	+¹⁄₃₂	105¹³⁄₁₆	91⅞	10.39	9.53
B'ham 11½pc 2012		106½	—	106½	100½	11.33	10.71
Ireland Cap 8½pc '10		98⅞	+⅝	99	88½	8.90	—
9pc Cap 1996		99½	+⅛	99½	93	8.17	—
13pc '97-02		114½	—	115	109½	11.35	—
Hydro Quebec 15pc 2011		137½	+¼	137½	120¹³⁄₁₆	15.0	10.43
Int-Am Dev 12½pc 2003		118⅛	+⅛	118⅛	105¹³⁄₁₆	11.08	9.72
9¾pc 2015		101⅛	+¹⁄₃₂	101⅛	85⅞	10.37	9.61
Leeds 13½pc 2006		119¼	—	119½	110½	11.89	10.84
Liverpool 3½pc Irred		30¾	—	31	28	11.67	—
LCC 3pc '20 Aft		28	—	29	26	11.11	—
Manchester 11½pc 2007		107¼	—	107¼	97½	11.27	10.54
Met. Wtr. 3pc 'B'		55	—	55¼	52	5.77	9.78
N'wide Anglia 3⅞pc 2021		106	—	106¼	102	—	5.44
4¼pc IL 2024		106¼	—	107¾	104	—	5.16
Utd Mex States 16½pc 2008		125½xd	-½	128	101	13.33	12.75

APPOINTMENTS

Albert Fisher picks from Ranks

ALBERT FISHER, the acquisitive fresh food company recently fallen from favour with the City, has hired Timothy Howden (right), managing director of Ranks Hovis McDougall, as a main board director and chief executive of the European operations.

With Stanley Metcalfe as a very active executive chairman of RHM in recent months, the managing director's sway is seen to have diminished.

However, Albert Fisher's chairman Tony Millar, the entrepreneurial spirit behind the 1980's expansion, reckons he has secured in Howden " a first class hands-on manager who we hope will drive the European business very hard." Howden, 54, is a fluent French speaker, and has spent alot of time in Europe for RHM.

Richard Portergill, who had been in charge of Europe for Albert Fisher, becomes corporate development director, Europe, staying on the main board. Millar yesterday denied Portergill had been pushed aside, and suggested that he was pleased to be released from daily operations. " He recognises corporate development is where his talent lies".

Lenny Pippin, 44, group chief executive of North America, now also comes onto the Albert Fisher board.

RHM meanwhile is replacing Howden internally, with accountant Paul Coker who had been deputy managing director. He is characterised as a "hard numbers" man in contrast to Howden who has a strong marketing bent.

While the City gave a vague nod of approval to the Howden move - marking Albert Fisher shares up and RHM slightly down - analysts were uncertain as to how Howden would fare in the "thrusting entrepreneurial" atmosphere of Albert Fisher.

New at NAPF

Angus Matheson, managing director of Glasgow-based Bothwell Asset Management and the newly elected chairman of the NATIONAL ASSOCIATION OF PENSION FUNDS' Investments Committee, vows to continue the activist role set by his predecessor Clive Gilchrist of Aberdeen Trust.

"I hope we will be able to make our voice heard loudly and clearly and without equivocation," he said.

For a start, the NAPF has kicked off a pilot project which will alert its members to all issues on which shareholders at Britain's 125 largest companies are being asked to vote, with the most controversial issues on the agenda highlighted in some detail. And yes, they will be urged to vote on all of them.

■ Nigel Atkinson, from Kleinwort Benson, is joining the London Stock Exchange as Head of Listing.

■ Richard Baker is moving from Mars Confectionery to become sales and marketing directo of ST IVES.

■ Terence Matthews has been appointed director of sales and marketing of Central Trailer Rentco, part of TIPHOOK.

■ Les McCrae has been appointed sales director of JIFFY Packaging.

BPB arranges succession

Alan Turner, chief executive of BPB INDUSTRIES since 1978, yesterday signalled his intention of standing down from the top job at Europe's biggest plasterboard manufacturer.

John Maxwell, formerly chief executive of financial services company Provincial Group, joins as finance director, and chief executive designate. Current finance director Brian Hogben, 63, retires after 18 years in that job.

Turner, who is 60 next year, said that after an introductory period, "probably months", he would step down as chief executive but would remain as chairman.

Maxwell, 47, previously worked for Grand Metropolitan and Rank Xerox.

Peter Sydney-Smith, 39, finance director of British Gypsum, a subsidiary, will be deputy group finance director, and is expected to take over as finance director when Maxwell becomes chief executive.

"In some ways it is the end of an era" Turner commented yesterday. " Brian Hogben and I have been with the group for more than 30 years. "But this is not a sudden move, although it might appear so. It is important for companies to arrange succession properly and we have been considering this move for some time."

BPB has recently been fighting a fierce price war with Lafarge Coppee of France and Knauf of Germany, and has also suffered with the severe downturn in UK construction.

LONDON SHARE SERVICE

AMERICANS

Notes	Price $	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	38 11/16xd	+11/16	38 11/16	20 7/8	15,682	1.8
♥Allegheny & W.	315p	—	385p	218p	183.7	5.4
Amdahl	1159pxd	+63	1159p	667p	1,286	0.5
Amer Cyanamid	35 1/8	+1/8	42 1/8	25 3/8	3,276	2.4
Amer Express	11 7/8xd	-1/4	17 7/8	9 11/16	5,686	4.8
Amer T & T	21 1/8xd	-1/16	24 1/2	15 1/4	27,593	3.5
Ameritech	34 1/2	—	38 7/8	32 1/2	15,105	5.5
BankAmerica	24 3/4xd	+3/16	26 1/4	12 1/16	5,380	3.0
Bankers NY	35 3/8xd	+1/8	38 1/16	20 1/16	2,888	7.5
Bell Atlantic	25 1/8xd	-1/8	38 1/2	24 1/4	9,880	5.6
BellSouth	28 1/2	-1/4	31 1/4	25	12,853	5.9
♥Bethlehem Steel	8 5/8xd	-3/16	11 1/4	6 1/16	657.4	—
Bowater	1601p	-17	1830p	1043p	538.2	4.5
CPC	47 1/8xd	+1/4	54 13/16	37 11/16	3,582	2.6
California Engy	730p	—	930p	420p	132.9	—
Campbell Soup h	21 7/16	-1/8	25	14 1/8	5,380	1.8
Chase Manhattan	13 7/8xd	+1/16	14 5/16	5 1/16	1,886	4.9
Chrysler	9 7/16xd	—	10 1/8	6 3/8	2,758	3.6
Citicorp	16 1/16xd	+3/16	18 3/8	4 5/8	3,499	—
Colgate-Palm	27 3/8xd	-1/16	27 5/8	21 7/16	3,981	2.2
Cont'l Bank	903p	-14	945p	438p	912.5	3.7
Dana	20xd	+1/4	21 5/8	13 3/8	822.1	4.5
Data General	698p	+2	1262p	203p	190.4	—
Dial	27 13/16xd	-1/2	28 7/16	12 7/8	1,109	2.8
Dun & Brad	31 1/4	+1/4	32	20 3/4	5,868	3.8
Eaton	41 7/8	+1/2	41 7/8	24 1/4	1,428	3.0
Echlin	9 1/16xd	-1/16	9 7/16	5 1/2	586.1	4.3
FPL	19 1/16xd	+3/16	20 1/8	14 7/16	3,294	7.0
Fluor	25xd	+1/8	38 9/16	17 7/16	2,827	0.9
Ford Motor	20 13/16xd	+3/16	23 1/4	13	8,852	2.7
Gen Elect	45 7/16xd	-3/16	48 13/16	28 3/16	39,287	2.6
♥General Host	484p	-10	588p	270p	—	4.2
Gillette	27 3/4xd	-3/16	45 3/4	20 7/8	4,067	1.3
Hasbro	21	—	24	7 15/16	1,294	0.6
Honeywell	40 13/16xd	-1/2	42 3/16	21 1/4	2,856	2.3
Houston Inds	23 3/8	+1/8	24 3/8	17 7/8	3,013	7.1
IBM	59 5/16xd	-7/16	72 13/16	46	28,785	5.4
Ingersoll-Rand	36 13/16xd	+3/8	37 1/2	18 7/16	1,915	2.0
Lockheed	24 3/4xd	-1/4	28 1/8	16 3/8	1,567	4.5
Lowe's	2347p	+34	2478p	1245p	854.6	1.3
Merrill Lynch	32 1/8xd	+1 3/16	39 13/16	10 7/16	3,297	1.8
Morgan (JP)	35 3/8xd	+1/8	38 3/4	21 11/16	6,681	3.5
Morris (Philip)	43 13/16xd	+3/16	44 5/8	25 7/16	40,678	2.7
NYNEX	41 1/2	-1/8	46 3/4	39	8,417	6.2
♥Pac Agric	28p	—	89p	15p	—	—
Pall	17	—	17 13/16	10 3/16	1,491	1.2
Pennzoil	28 1/4xd	-1/4	48 1/8	28 1/4	1,081	6.4
Quaker Oats	38 7/8	-1/2	40 9/16	24 7/8	2,820	2.6
Rockwell	15 5/8xd	—	17 3/8	12 1/8	3,585	3.3
Rep NY	24 1/8	+1/4	27 13/16	16 1/2	1,255	2.3
Sears, Roebuck	24 7/16xd	-1/16	25 5/8	12 13/16	8,366	4.6
Sthwestern Bell	33 3/4xd	+1/4	35 7/8	25 5/8	18,779	4.7
Sun Co	15 7/8xd	+1/16	20 1/4	14 1/8	1,683	6.5
Tenneco	22 1/4xd	+3/16	27 1/8	14 7/8	2,724	4.1
Texaco	34xd	-1/8	40 1/2	29 7/16	8,788	5.3
Time Warner	57 1/8xd	-1/2	84 1/2	37 7/8	5,274	1.0
♥Unilab	587p	—	587p	250p	546.3	—
Utd Tech	28 13/16xd	-1/16	31 1/2	22 3/8	3,519	3.5
♥Unitech	101p	—	101p	42p	—	—
US West	19 3/4	+1/8	23	18 1/4	8,088	5.9
Varity	776p	-13	1410p	578p	198.4	—
Waste Manage	24 1/2xd	+1/4	25	16 5/8	11,582	1.0
Whirlpool	2646p	+61	2708p	1053p	1,839	2.3
♥Woolworth	18 5/8	+3/16	20 3/16	12 3/4	2,188	3.7

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING AEROSPACE

[illegible]

ENGINEERING GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS - Cont.

METALS & METAL FORMING

MISCELLANEOUS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MEDIA

MOTORS

STORES

PACKAGING, PAPER & PRINTING

MERCHANT BANKS

OIL & GAS

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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Standard Life Tst Mgmt Ltd (0629)H
3 George St, Edinburgh EH2 2XZ 0800 393777

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Acc	5¼	36.78	36.78	39.08	+0.3	2.33
UK Equity Gth Acc	5¼	50.30	51.17	54.37	+0.2	1.73
UK Eq High Inc Inc	5¼	29.23	29.91	31.78	---	6.15
UK Eq High Inc Acc	5¼	32.86	33.62	35.73	---	6.15
UK Equity Gen Acc	5¼	46.44	47.17	50.12	+0.3	3.37
UK Equity Gen Inc	5¼	36.34	36.91	39.22	+0.2	3.37
UK Larger Cos Acc F	7½	309.9	313.7	340.4	+1.9	4.67
UK Larger Cos Inc F	7½	249.5	252.6	274.1	+1.6	4.67
Gilt & Fxd Int Inc	5¼	28.47	28.53	30.18	+0.1	7.21
Euro Larg Co Acc F	7½	213.8	217.5	236.0	+2.6	2.07
Nth American Acc	5¼	37.07	37.22	39.55	+0.6	0.87
Far East Acc	5¼	39.70	40.71	43.26	+0.3	0.11
European Acc	5¼	35.54	36.91	39.22	---	1.57

Local Authorities Mutual Invest. Tst.*
2 Fore Street, London EC2Y 5AD 071-588 1815

	Bid Price	Offer Price	+ or -	Yield Gross
Property Jan 31	196.75	200.75	---	7.95
Equity Jan 31	888.05	895.20	---	3.77

* Available only to Local Authorities

FT MANAGED FUNDS SERVICE

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Norwich Union Life Insurance Soc.-Contd.

Pendinvestor* & Unit-Linked Plan*	Bid Price	Offer Price	+ or -	Yield Gross
Mixed Fund	441 2	464 4	+0 1	-
Ordinary Share Fund	660 0	694 7	+2 3	-
International Fund	173 3	182 4	-1 6	-
Property Fund	261.1	274 8	+0 3	-
Fixed Interest Fund	396 5	417 4	+0 2	-
Index-Linked Sec Fund	192 9	203 1	-1 0	-
Deposit Fund	276 0	290 5	+0 5	-
Norwich Units Feb 14	1053 70			-

*Prices as at February 18

Jersey Investment Plan	Bid Price	Offer Price	+ or -	Yield Gross
With Profits Fund	122 03	128 45	+0 03	-
Intl Equity Fund	95 29	100 30	+0 14	-
Intl Bond Fund	120 12	126 45	-0 67	-

Norwich Union Pensions Management Ltd
Surrey Street, Norwich, NR1 3NG 0603 683335

Group Pooled Pensions	Bid Price	Offer Price	+ or -	Yield Gross
Balanced Managed Fd	319 30	324 54	+1 56	-
Growth Managed Fd	106 11	107 95	+0 62	-
Sentinel Managed Fd	105 05	106 47	+0 42	-

Prices as at February 26

Pearl Assurance (Unit Funds) Ltd
Thorpe Wood, Peterborough PE3 6SA 0733 63212

	Bid Price	Offer Price	+ or -	Yield Gross
Prop Dist (Gross)	133 5	140 5		-
Prop Acc (Gross)	254 4	267 8	+0 1	-
Equity (Gross)	867 8	913 4	+4 6	-
Managed (Gross)	607 5	639 5	+2 6	-
Prop Acc (Net)	121 4	127 8	+0 1	-
Equity (Net)	201 2	211 7	+0 9	-
Managed (Net)	187 1	197 0	+0 8	-
International (Net)	171 4	180 4	+0 5	-
Gilt & Fxd Interest	135 0	142 2	+0 8	-
Money Fund	136 7	143.9	+0 1	-
Mixed Fund (Cap)	116 8	123 0		-
Mixed Fund (Acc)	120 0	126 4		-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	664 2	699 2	+3 3	-
Ret Man (Series 2)	225 2	237.1	+1 1	-
Ret Cash	190 8	200 8	+0 1	-

Provident Mutual Life Assc. Assn.-Contd.

Pension Funds	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	465 3	489 8	+1.7	-
Managed Init.	343.2	361.3	+1 2	-
Equity Ord	709 5	746 8	+5 1	-
Equity Init	523 4	550 9	+3 7	-
Pen Ind Lkd Gilt Ord	181 9	191 5	+0 6	-
Pen Ind Lkd Gilt Init.	140 1	147 5	+0 3	-
Overseas Equity Ord	325 0	342 1	-0 7	-
Overseas Equity Init.	239 7	252 3	-0 6	-
Property Ord	273 0	287 4	+0 1	-
Property Init	201 4	212.0	+0 1	-
Fixed Interest Ord	279 8	294 5	+0 6	-
Fixed Interest Init	206 4	217.3	+0 5	-
Deposit Ord	260 0	273 7	+0 1	-
Deposit Init.	191 8	201 9	+0 1	-

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

Prufund	Bid Price	Offer Price	+ or -	Yield Gross
Managed Feb 26	255.3	269 1		-

Prudential Corporate Pension Funds
1 Stephen St, London W1P 2AP 071-548 3281

Prudential Managed Funds	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Feb 26.	£183 94	189.59	+0 25	-
Equity Feb 26	£207 61	214 61	-0 03	-
International Feb 26	£28.53	29 14	+0 18	-
Intl Bond Feb 26	£14 59	14 73	-0 05	-
Fixed Int Feb 26	£101.69	102 21	+0 28	-
Index Linked Feb 26	£73 41	74 34	-0 34	-
Property Feb 26	£106 83	112 92	+0 13	-
Cash Feb 26	£29 7946	29 7946	+0 0578	-
Pru-Linked Retirement Plan				
Managed Feb 20	447 8	466 5		-
Cash Feb 20	274 1	285 6		-
Prudential Pensions Investment Account				
Pens Mngd Feb 27.	179 3	192 9	-0 1	-
Pens UK Eq Feb 27.	309.6	333 8	-0 8	-
Pens Intl Feb 27	207 0	222 6	+0 4	-

Scottish Amicable
150 St Vincent St, Glasgow

Providence Capital International Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Swiss Franc Mngd	SFr5 341	5 734		-
Swiss Franc Money Mkt.	SFr1 168	1 256		-
Deutschmark Managed	DM1 844	1.983		-
OFS Global Port.	£0 847	0 911		-
YRA Worldwide	£0 988	1 063		-
YRA Dllr W'wide	$1 040	1 119		-
[illegible] & Co Bind P'folio	$0.980	1 054		-

Royal Life Intl. Ltd
Royal Court, Arbory Rd, Douglas IoM 0624 821212

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 B6XF 071-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
J D Ward Mngd Bond	201 5	217 9	-0 1	-
J D Ward Mngd Pens.	125 6	135.4	-0 2	-
Albany Life Acc	196 8	207 1	+0 3	-
Albany Pens Acc	252 1	265 6	+0 5	-
M&G Trigon Pen Acc.	181 7.	190 9	+0 4	-
[illegible]	188 1	198 0		-

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

Rothschild Asset Management – Contd.

Royal Bank of Canada Funds
RBC Offshore Fund Managers Ltd

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

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ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar drops back from highs

THE DOLLAR took a rest from attacking the DM1.66 barrier yesterday, falling below DM1.64 before floating back towards its starting levels.

"It has not been exactly an exciting market," said one dealer. "Most movement has been to bring the dollar down."

The dollar drifted below DM1.64 at midsession as traders tried to flush out some of the longer-term fund buyers they believe to be lurking in the market.

Confidence in the dollar also faltered following disappointing US weekly first-time jobless claims (up to 459,000 from 452,000 the previous week, against market expectations of a 2,000 decline) and the news that January existing home sales fell 1.5 per cent.

In New York, the dollar opened ¼ pfennig lower than Wednesday's close of DM1.6458, but later strengthened to DM1.6420.

The dollar was slightly quieter against the yen, following heavy profit taking above Y130.00 in recent days and repeated threats of intervention in Japanese quarters. The intervention hype was maintained yesterday with Finance minister Mr Tsutomu Hata saying his country wanted to reconfirm that the G7 nations still favour a stronger yen. He added that if the G7 deputy finance ministers meet today, as reported, they will discuss currencies.

In Tokyo, dollar had been steady to weaker in late trading, closing at Y129.01/06, compared with a previous close of 129.20/30. One dealer called it the "Tokyo blues - top-heavy and bottom-solid."

After steady gains in recent days and its climb to Y130 on Wednesday, dealers said the dollar was now in a corrective consolidation phase. It moved in a narrow range in Europe to close at Y129.40, compared with Y129.65 on Wednesday.

The D-Mark held steady after overnight weakness in the dollar gave it a gentle lift, and it closed up slightly against the lira and the French franc.

Profit-taking took the peseta off its permitted ceiling against sterling, and it dropped to 5.89 per cent above its pivot against sterling, down from 6.19 per cent on Wednesday night.

It moved off its ceiling of Ptas180.59, where it has been for most of the week, back to Ptas181.00/10. Traders said the Bank of Spain's 25 basis point rate cut on Tuesday had finally triggered unwinding of long positions, but the light reprieve was seen as unlikely to change the timetable for a cut in UK interest rates

The market seemed unconcerned with poor UK trade deficit figures. "Frankly they're irrelevant, one dealer said. "We're more interested now in political indicators."

Sterling performed strongly against the dollar, opening at $1.7537 against a close the night before of $1.7450 and climbing as high as $1.7642 before a late slip back to $1.7575. The pound was slightly stronger against the DM, climbing to DM2.8867, compared with DM2.8854 on Wednesday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 27	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133 631	128.412	-3.91	5.91	67
Belgian Franc	42.4032	42.0924	-0.73	1.53	38
Dutch Guilder	2.31643	2.30247	-0.60	2.39	32
D-Mark	2.05586	2.04605	-0.48	2.26	34
Italian Lira	1538 24	1535.35	-0.19	1.97	12
Irish Punt	0 767417	0.766748	-0.09	1.86	6
French Franc	6.89509	6.95443	0 86	0.91	-45
Danish Krone	7 84195	7.93380	1.17	0.60	-51
Sterling	0.696904	0.709269	1.77	0.00	-35

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

£ IN NEW YORK

Feb 27	Latest	Previous Close
£ Spot	1.7560-1.7570	1.7535-1.7545
1 month	0.92-0.91pm	0.95-0.93pm
3 months	2.63-2.61pm	2.56-2.54pm
12 months	8.52-8.44pm	8.32-8.25pm

Forward premiums and discounts apply to the US dollar

POUND SPOT - FORWARD AGAINST THE POUND

Feb 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7500 - 1.7655	1.7545 - 1.7555	0.94-0.92cpm	6.36	2.66-2.63pm	6.03
Canada	2.0670 - 2.0775	2.0695 - 2.0705	0.59-0.50cpm	3.16	11.64-1.51pm	12.71
Netherlands	3.2420 - 3.2525	3.2425 - 3.2525	¼-parcpm	0.46	½-¼pm	0.46
Belgium	59.15 - 59.40	59.15 - 59.25	5-3cpm	0.71	16-10pm	0.88
Denmark	11.1690 - 11.2025	11.1925 - 11.2025	½-⅛orepm	0.33	1¼-½pm	0.27
Ireland	1.0800 - 1.0835	1.0810 - 1.0820	0.02-0.01cpm	0.17	0.04-0.03pm	0.13
Germany	2.8810 - 2.8880	2.8825 - 2.8875	¼-parpfpm	0.52	¾-¼pm	0.43
Portugal	246.95 - 248.50	247.50 - 248.50	61-76cdis	-3.31	185-214dis	-3.22
Spain	180.60 - 181.15	180.85 - 181.15	28-37cdis	-2.15	95-109dis	-2.25
Italy	2162.75 - 2167.05	2165.25 - 2166.25	2-4liredis	-1.66	8-10dis	-1.66
Norway	11.2875 - 11.3325	11.3225 - 11.3325	⅛-parcpm	0.20	¼-⅞dis	-0.20
France	9.7930 - 9.8175	9.8000 - 9.8100	¼-parcpm	0.15	½-parpm	0.10
Sweden	10.4340 - 10.4825	10.4725 - 10.4825	1½-1¾oredis	-1.86	4⅞-5⅜dis	-1.96
Japan	226.50 - 227.65	226.50 - 227.50	1-⅞ypm	4.96	2⅞-3¼dis	-5.84
Austria	20.27 - 20.33	20.29 - 20.32	1¼-⅛gropm	0.41	3¼-1⅝pm	0.53
Switzerland	2.6075 - 2.6220	2.6075 - 2.6175	⅝-½cpm	2.58	1⅝-1½pm	2.39
Ecu	1.4075 - 1.4130	1.4120 - 1.4130	0.07-0.02cpm	0.38	0.09-0.02pm	0.16

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.95-4.90cpm. 12 Month 8.58-8.48pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7500 - 1.7655	1.7545 - 1.7555	0.94-0.92cpm	6.36	2.66-2.63pm	6.03
Ireland†	1.6185 - 1.6330	1.6215 - 1.6225	0.86-0.83cpm	6.25	2.48-2.38pm	5.99
Canada	1.1770 - 1.1810	1.1800 - 1.1810	0.30-0.33cdis	-3.20	0.87-0.92dis	-3.03
Netherlands	1.8375 - 1.8550	1.8495 - 1.8505	0.87-0.90cdis	-5.74	2.53-2.56dis	-5.50
Belgium	33.60 - 33.85	33.70 - 33.80	14.00-16.00cdis	-5.33	43.00-46.00dis	-5.27
Denmark	6.3340 - 6.3830	6.3775 - 6.3825	3.00-3.30oredis	-5.92	8.75-9.25dis	-5.64
Germany	1.6325 - 1.6485	1.6435 - 1.6445	0.77-0.78pfdis	-5.66	2.25-2.27dis	-5.50
Portugal	140.75 - 141.60	141.50 - 141.60	110-116cdis	-9.58	327-342dis	-9.45
Spain	102.50 - 103.35	103.10 - 103.20	70-73cdis	-8.32	2.00-2.18dis	-0.08
Italy	1225.00 - 1235.45	1233.75 - 1234.25	8.00-8.50liredis	-8.02	23.20-24.20dis	-7.68
Norway	6.4020 - 6.4575	6.4525 - 6.4575	3.15-3.45oredis	-6.13	9.50-10.50dis	-6.20
France	5.5500 - 5.6010	5.5850 - 5.5900	2.76-2.81cdis	-5.98	8.02-8.12dis	-5.78
Sweden	5.9180 - 5.9725	5.9675 - 5.9725	3.90-4.20oredis	-8.14	11.60-12.10dis	-7.94
Japan	128.80 - 129.55	129.35 - 129.45	0.14-0.15ydis	-1.34	0.30-0.32dis	-0.96
Austria	11.5015 - 11.5850	11.5800 - 11.5850	5.10-5.50grodis	-5.49	15.10-16.30dis	-5.42
Switzerland	1.4790 - 1.4950	1.4885 - 1.4895	0.43-0.46cdis	-3.59	1.28-1.32dis	-3.49
Ecu	1.2415 - 1.2525	1.2450 - 1.2460	0.63-0.61cpm	5.97	1.85-1.79pm	5.85

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Feb 27	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11⅛ - 10⅞	10⅞ - 10⅝	10½ - 10⅜	10⅜ - 10¼	10¼ - 10⅛	10⅛ - 10
US Dollar	4 - 3⅞	4⅛ - 4	4⅛ - 4	4¼ - 4⅛	4⅜ - 4¼	4⅞ - 4¾
Can. Dollar	7¼ - 7	7¼ - 7	7⅛ - 6⅞	7⅛ - 6⅞	7¼ - 7	7½ - 7¼
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Swiss Franc	7⅞ - 7⅝	7½ - 7⅜	7¾ - 7⅝	7¾ - 7⅝	7⅞ - 7⅝	7⅞ - 7⅝
D-Mark	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
French Franc	10 - 9¾	10 - 9¾	10 - 9¾	10 - 9¾	9⅞ - 9¾	9⅞ - 9¾
Italian Lira	12 - 10	12¼ - 11¾	12⅛ - 11⅞	11⅞ - 11⅝	11¾ - 11½	11¾ - 11½
Belgian Franc	9 - 9⅛	9 - 9⅛	9 - 9⅛	9 - 9⅛	9½ - 9⅜	9½ - 9⅜
Yen	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅝	5⅜ - 5¼	5 - 4⅞	4⅞ - 4¾
Danish Krone	10⅛ - 10	10⅛ - 10	10⅛ - 10	10⅛ - 10	10⅛ - 10	10⅛ - 9⅞
Asian $Sing.	3⅞ - 3¾	3⅞ - 3¾	3½ - 3⅜	3½ - 3⅜	3½ - 3⅜	3⅝ - 3½

Long term Eurodollars: two years 5⅞-5¾ per cent; three years 6⅜-6¼ per cent; four years 6⅞-6¾ per cent, five years 7⅛-7¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.27	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.755	2.885	227.0	9.805	2.613	3.248	2166.	2.070	59.20	1.413
$	0.570	1	1.644	129.3	5.587	1.489	1.851	1234	1.179	33.73	0.805
DM	0.347	0.608	1	78.68	3.399	0.906	1.126	750.8	0.718	20.52	0.490
YEN	4.405	7.731	12.71	1000.	43.19	11.51	14.31	9542	9.119	260.8	6.225
F Fr.	1.020	1.790	2.942	231.5	10	2.665	3.313	2209	2.111	60.38	1.441
S Fr.	0.383	0.672	1.104	86.87	3.752	1	1.243	828.9	0.792	22.66	0.541
N Fl.	0.308	0.540	0.888	69.89	3.019	0.804	1	666.9	0.637	18.23	0.435
Lira	0.462	0.810	1.332	104.8	4.527	1.206	1.500	1000.	0.956	27.33	0.652
C $	0.483	0.848	1.394	109.7	4.737	1.262	1.569	1046	1	28.60	0.683
B Fr.	1.689	2.965	4.873	383.4	16.56	4.414	5.486	3659	3.497	100.	2.387
Ecu	0.708	1.242	2.042	160.7	6.939	1.849	2.299	1533	1.465	41.90	1

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr. per 100.

STERLING INDEX

	Feb 27	Previous
[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

Feb 27	Bank of England Index	Morgan** Guaranty Changes %
[illegible]	[illegible]	[illegible]

CURRENCY RATES

Feb 27	Bank rate %	Special* Drawing Rights	European † Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

Feb 27	£	$
Australia	2.3390 - 2.3410	1.3230 - 1.3235
Brazil	2814.40 - 2816.40	1597.30 - 1597.50
Finland	7.8830 - 7.9050	4.4760 - 4.4790
Greece	329.300 - 334.550	187.950 - 190.950
Hong Kong	13.6750 - 13.6885	7.7590 - 7.7610
Iran	2468.00*	1420.00*
Korea(Sth)	1333.55 - 1355.05	762.70 - 771.90
Kuwait	0.51800 - 0.51900	0.29400 - 0.29450
Luxembourg	59.15 - 59.25	33.70 - 33.80
Malaysia	4.5615 - 4.5695	2.5885 - 2.5905
Mexico	5321.25 - 5333.10	3060.00 - 3061.00
N Zealand	3.2195 - 3.2235	1.8250 - 1.8275
Saudi Ar	6.5340 - 6.6105	3.7495 - 3.7505
Singapore	2.8850 - 2.8920	1.6390 - 1.6400
S Af (Cm)	5.0420 - 5.0540	2.8600 - 2.8630
S Af (Fn)	6.6565 - 6.7845	3.7735 - 3.8460
Taiwan	44.10 - 44.25	25.00 - 25.10
U A E	6.3975 - 6.4745	3.6715 - 3.6735

*Floating rate. Iran Official rate £115.40 $66.95

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE); CHICAGO; PARIS

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	92.29	92.40	92.30	92.33
Jun	92.63	92.73	92.63	92.67
Sep	92.91	92.99	92.91	92.92
Dec	93.10	93.15	93.12	93.11

Estimated volume 5183 (5338)
Previous day's open int. 33136 (33604)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Mar	2573.0	2590.0	2565.0	2584.0
Jun	2612.5	2626.5	2610.0	2624.0
Sep	2647.0			2658.5

Estimated volume 7845 (5320)
Previous day's open int. 41524 (41451)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Mar	1170.0			1140.0
Jun				

Estimated volume 0 (0)
Previous day's open int. 142 (142)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7550	1.7457	1.7285	1.7057	1.6697

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Trading in limbo

UNCERTAINTY continued to dog the UK money market yesterday, with trading quiet and volumes low.

"We are in a sort of limbo period," said one trader. "What happens next is anybody's guess. But the Bank of England is playing with a totally straight bat, and seems to be saying the 10½ per cent base rate is here to stay."

Sterling interbank rates firmed slightly, with dealers feeling the UK had passed up its best chance of a rate cut before the Budget on March 10 when the Bank of Spain cut its key money market rate on Tuesday by 25 basis points to 12.40 per cent.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

The key three-month interbank rate opened ⅛ higher at 10⅝-10¼ per cent and later strengthened slightly to 10⅜-10¼ per cent.

The March short sterling contract opened one basis point higher at 89.87, but later dropped to 89.85.

Overnight rates went as high as 12-10 per cent in the early afternoon before the market showed any interest, dropping back later to 11¼-11¼ per cent, compared with 10⅞-10⅝ per cent on Wednesday.

The Bank of England initially forecast a shortfall of around £1.2bn, slightly higher than expected, owing largely to treasury bills and maturing assistance of £510m, and bills for repurchase by the market worth £692m.

The Bank did not operate on the market on the early round, but later revised its forecast upwards to £1.3bn, and purchased bills totalling £203m. These were £100m of band 1 treasury bills purchased outright at 10¾ per cent, and £23m of band 1 bank bills at 10¾ per cent, together with £80m for resale to the market in equal amounts on March 17 and 18 at 10⅞ per cent.

The forecast rose again in the afternoon to £1.4bn, and the Bank purchased a further £841m of band 1 bank bills at 10¾ per cent and £12m of band 2 bank bills at 10¾ per cent. The Bank provided late assistance of around £310m.

German call money rates were steady and traders said sufficient end-month liquidity meant rates were more likely to ease than to firm. Overnight rates were at 9.45/55 per cent, unchanged from Wednesday.

In the US, the Federal Reserve drained reserves from the banking system through overnight matched sale purchase agreements. Federal funds were trading at 3⅞ per cent at the Fed's operations time, slightly below the Fed's presumed 4 per cent target.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.27) 3 months US dollars		6 months US Dollars	
bid 4⅛	offer 4¼	bid 4¼	offer 4⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6½	One month	3.89	Three year	5.82
Broker loan rate	6	Two month	3.98	Five year	6.67
Fed funds	3⅞	Three month	4.04	Seven year	6.99
Fed funds at intervention	-	Six month	4.13	10-year	7.33
		One year	4.34	30-year	7.85
		Two year	5.36		

Feb.27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.40-9.50	9.50-9.60	9.50-9.60	9.50-9.60	9.50-9.60	9.75
Paris	9¼-9⅜	9⅞-10	9⅞-10	9⅞-10	9⅞-9⅞	9.60
Zurich	6⅞-7⅛	7⅛-7⅝	-	7⅛-7⅝	-	-
Amsterdam	9.43-9.56	9.50-9.58	-	9.47-9.55	-	-
Tokyo	5⅞-5⅞	5⅞-5⅞	-	5⅜-5¼	-	-
Milan	12⅛-12⅜	12⅛-12⅜	-	12⅛-12⅜	-	-
Brussels	9.43-9.56	9⅝-9½	-	9⅜-9½	-	-
Dublin	10⅛-10½	10⅛-10½	10⅞-10⅞	10⅛-10⅛	10⅛-10⅛	-

LONDON MONEY RATES

Feb 27	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13	10⅞	10½	10⅜	10⅜	10⅛
Interbank Bid	10½	10⅝	10⅜	10¼	10⅛	10
Sterling CDs	–	–	10⅜	10⅜	10⅜	10⅛
Local Authority Deps	11	10½	10⅜	10⅜	10⅛	10
Local Authority Bonds	–	–	–	–	–	–
Discount Mkt Deps	11½	10⅞	–	–	–	–
Company Deposits	–	–	10⅜	10⅜	10⅛	10⅛
Finance House Deposits	–	–	10½	10⅜	10⅜	10⅛
Treasury Bills (Buy)	–	–	10⅛	9⅞	9⅞	–
Bank Bills (Buy)	–	–	10⅛	9⅞	9⅞	–
Fine Trade Bills (Buy)	–	–	–	–	–	–
Dollar CDs	–	–	4.17	4.17	4.25	4.65
SDR Linked Dep Offer	–	–	6⅝	6⅝	6⅝	6⅝
SDR Linked Dep Bid	–	–	6½	6½	6½	6½
ECU Linked Dep Offer	–	–	10	10⅛	10⅛	10
ECU Linked Dep. Bid	–	–	9⅞	9⅞	9⅞	9⅞

Treasury Bills (sell): one-month 10⅛ per cent; three months 9⅞ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅛ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7678 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28, 1992. Agreed rates for period Mar.25, 1992 to April 25, 1992, Scheme I: 11.67 p.c., Schemes II & III: 11.64 p.c. Reference rate for period Feb 1, 1992 to February 28, 1992, Scheme IV&V: 10.433 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from February 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent, nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991, Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

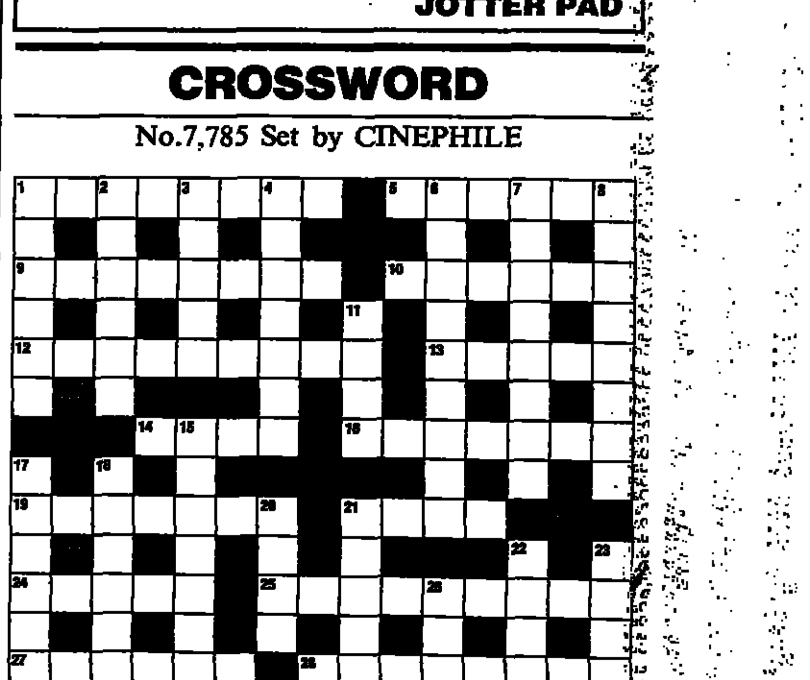
Money Market Bank Accounts

	Gross	Net	CAR	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JOTTER PAD

CROSSWORD

No.7,785 Set by CINEPHILE



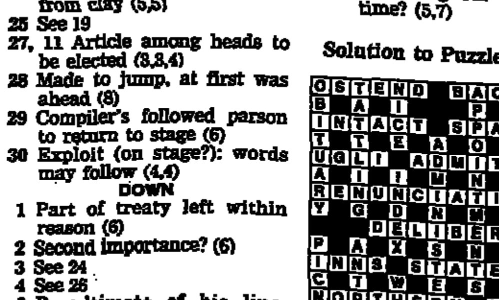
ACROSS

1 Reproachful approaches by common market (nameless) to compiler(4,4)
5 Scottish horse or beetle (6)
9 It's wound with coils on a river far from green (8)
10 Footballer without work is ruler of democracy (6)
12 Funny man in female dress gets refusal in small country (3,6)
13 Pole called Oliver? (5)
14 Pedagogues should be eager at heart (4)
16 Connection of a measure of length and time (7)
19, 25 Party official in public and private on a line (7,9)
21, 20 Poor lost Rose is finding it hard to settle (8)
24, 3 Attract ore variously from clay (5,5)
25 See 19
27, 11 Article among heads to be elected (3,3,4)
28 Made to jump, at first was ahead (8)
29 Compiler's followed parson to return to stage (6)
30 Exploit (on stage?): words may follow (4,4)

DOWN

1 Part of treaty left within reason (6)
2 Second importance? (6)
3 See 24
4 See 26
6 Penultimate of his line; funny little name, Honecker (9)
7 Riverside epitaph on heretic (8)
8 Last but three of his line: he got involved with New Zealand in elevated part of speech (8)
11 See 22 and 27
15 Last of his line, with composer in blood opposed (9)
17 A fool on a hill is a trouble-maker (8)
18 Ante-penultimate of his line to fall in a month (8)
20 See 21 across
21 Article rendered by musicians (7)
22, 11 Sound made by horse and parrot? It's a matter of opinion (6,4)
23 Johnson's tree, we hear (6)
26, 4 Getting a wage without upsetting Mr Loy at tea time? (5,7)

Solution to Puzzle No.7,784



WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Feb 26	Feb 25	Feb 24	Feb 21	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3283.82	3257.83	3282.42	3280.19	3283.82 (26/2)	3172.41 (2/1)	3283.82 (26/2/92)	41.22 (2/7/32)
Home Bonds	98.95	98.67	98.56	98.92	99.81 (6/2)	98.56 (24/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1443.76	1430.12	1451.79	1466.93	1467.68 (20/2)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	205.81	204.56	203.74	204.24	225.59 (3/1)	203.74 (24/2)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3305.01 (3293.60) Low 3246.20 (3226.74)

STANDARD AND POOR'S

	Feb 26	Feb 25	Feb 24	Feb 21	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	415.35	410.45	412.27	411.43	420.77 (15/1)	407.38 (18/2)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	494.42	488.17	490.59	489.86	499.27 (15/1)	483.91 (18/2)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.81	34.45	34.63	34.44	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	229.23	226.68	227.62	227.46	231.85 (15/1)	225.65 (18/2)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	413.97	409.78	411.80	412.85	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	632.40	621.40	624.93	629.75	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Feb 21	Feb 14	Feb 7	year ago (approx.)
Dow Industrial Div. Yield	2.78	2.82	2.88	3.47

	Feb 19	Feb 12	Feb 5	year ago (approx.)
S & P Industrial div. yield	2.60	2.54	2.56	2.91
S & P Indl P/E ratio	25.03	25.61	25.43	17.89

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Telefonos	4,594,600	57⅞	+ 2⅞
Glaxo	4,330,000	28½	- ⅛
Musicland	4,182,700	16	....
Saatchi	3,823,100	⅞	- ⅛
Coleman Co	3,153,800	25¼	....
Unisys Corp	2,848,600	10	+ ½
Citicorp	2,797,700	17⅞	+ ¼
Nat Medical	2,435,000	16⅛	+ 1⅛
Home Shop	2,201,500	8¼	+ 1¼
Wal-Mart	2,188,500	54	+ 2½

TRADING ACTIVITY

† Volume (Millions)	Feb 26	Feb 25	Feb 24
New York SE	240,690	206,584	175,174
Amex	18,990	14,336	15,407
NASDAQ	225,020	194,495	172,924
NYSE			
Issues Traded	2,202	2,203	2,234
Rises	1,139	654	716
Falls	577	1,056	1,020
Unchanged	486	493	498
New Highs	102	44	74
New Lows	12	27	21

CANADA

TORONTO	Feb 26	Feb 25	Feb 24	Feb 21	1992 HIGH	1992 LOW
Metals & Minerals	3126.27	3107.15	3143.17	3132.01	3238.87 (16/1)	2935.22 (2/1)
Composite	3580.46	3544.90	3543.30	3536.60	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1884.47	1865.08	1863.92	1856.17	1937.59 (16/1)	1851.90 (20/2)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

					1992 HIGH	1992 LOW
TAIWAN** Weighted Price (30/6/66)	5019.22	4951.50	4987.73	5070.24	5391.63 (30/1)	4692.17 (6/1)
THAILAND Bangok SET (30/4/75)	780.18	799.97	810.45	813.28	816.50 (17/2)	711.81 (3/1)
WORLD M.S. Capital Intl.(1/1/70) (S)	515.3*	513.3	509.1	510.8	542.10 (7/1)	506.80 (19/2)
Euro Top-100 (26/6/90)	938.50	935.64	929.26	933.53	938.50 (27/2)	870.31 (2/1)

**Saturday February 22. Taiwan Weighted Price: 5074.80. Korea Comp Ex. 640.96
♦ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 27 February 1992

	Stocks Traded	Closing Prices	Change on day
Mochida Pharm	5.5m	2,920	+290
Nippon Mining	5.2m	490	+31
Nippon Zeon	5.2m	644	+14
Nippon Steel	4.5m	1,430	-6
Kaken Pharm	4.1m	1,430	+70
Japan Storage	3.6m	1,060	-20
Okamoto	3.4m	1,030	+20
Hitachi	3.3m	850	+5
Mitsubishi Heavy	2.4m	631	-4
Meiji Milk Prods	2.3m	931	-10

3:00 pm prices February 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	12¼	AAR Corp	0.48	3.1	17	101	u15⅞	15⅝	15⅝	-⅛
25	20⅝	A L Labs A	0.16	0.7	24	323	21⅞	21½	21⅞	+⅛
68¾	58⅞	AMP Inc	1.52	2.4	25	713	62⅞	61⅝	62⅜	+⅛
79	68⅞	AMR				261820	77⅞	76¾	77¼	+¼
2⅜	1⅜	ARX			2	60	2⅛	1⅞	2	+⅛
53½	45¼	ASA x	2.75	5.7	14	438	48¼	47¾	48¼	+1¼
68⅞	60¾	Abbott Lab	0.60	0.9	50	3125	64¾	63⅝	63⅝	-⅝
13¾	12⅛	Abitibi Pr	0.43	3.2	28	131	u13½	13¼	13¼	
11⅜	10½	ACM Gvt In	0.96	9.0		177	10⅝	d10½	10⅝	
10⅜	9⅛	ACM GvOpp	0.80	8.6		116	9¼	d9⅛	9¼	
9½	8⅝	ACM Gvt Sp	0.80	8.9		316	9	8⅞	9	+⅛
11¼	10⅛	ACM Gvt Se x	0.96	9.2		220	10½	10⅜	10⅜	
9⅜	8⅝	ACM Man	0.95	10.4		278	9¼	9⅛	9⅛	-⅛
12⅞	10⅞	ACM Managd	1.08	9.6		139	11¼	11⅛	11¼	
10⅛	7	Acme Cleve	0.40	4.0	16	253	10	9⅞	9⅞	+⅛
6¼	4½	Acme Elect			3	6	5	5	5	
23¼	21⅛	Acuson			13	1200	21⅜	d21⅛	21¼	-¼
19⅜	16½	Adams Expr	0.48	2.5	0	66	19⅛	19	19	
15½	13	Adobe12Pf	2.40	16.7		19	14⅜	14⅜	14⅜	-⅛
5⅜	4½	Adobe Res			2	56	5⅛	5	5⅛	+⅛
49⅜	42¼	Ad Micro	3.00	7.0		72	44⅛	43	43	-1⅛
21½	17⅞	Ad Micro P	3.00	16.8	11	9637	18⅜	17⅞	17⅞	-⅜
7¾	5	Advest Grp	0.16	1.9	34	369	u8½	7⅞	8⅜	+⅜
71¾	69⅛	Aegon ADR			6	6	69½	69	69½	+¼
47	39	Aetna Lf	2.76	6.0	10	798	46	45½	46	+⅜
12	8⅝	AfBI A	0.24	2.3	74	2734	11	10⅜	10⅜	-⅜
32⅞	29⅛	Aflac	0.40	1.3	16	399	30	29⅞	29⅞	+⅛
19⅜	15⅝	Ahmanson	0.88	4.8		82364	18⅜	18⅛	18⅛	-⅜
22½	15	Aileen Inc			14	536	18	16¼	16¼	-1¼
87¼	72⅞	Air Pr Chm	0.80	0.9	18	249	85	84⅛	84⅞	

Continued on next page

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NYSE COMPOSITE PRICES

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- X - Y - Z -

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
[illegible]										
27½	24⅞	Xtra 1.94	1.94	7.2		14	27	27	27	
34¾	28½	Xtra Corp	0.80	2.4	13	66	33	32⅝	32⅝	-⅛
27	25¼	Yankee Egy	1.60	6.0	13	46	26¾	26½	26¾	+⅛
1⅛	½	Zapata			28	247	1¼	1⅛	1⅛	-⅛
11⅛	7¼	ZenithElec			5	959	10⅜	10⅛	10¼	+⅛
16⅞	14½	Zenith Nat	1.00	6.7	6	32	15	15	15	
6¾	6	Zenix Inc x	0.84	12.7		34	6⅝	6½	6⅝	
13¾	11⅛	Zero Corp	0.40	3.0	20	112	13¼	13⅛	13¼	+⅛
38	34¼	Zurn Ind	0.88	2.4	16	206	37⅛	36¾	37⅛	
14⅛	12⅜	Zweig Fund	1.16	9.0		260	13	12⅞	12⅞	-⅛
11	9⅞	Zweig Tot	0.96	9.4		413	10⅛	10⅛	10¼	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices February 27

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
Oisten x	0.24	29	178	27⅞	27⅝	27⅞	+⅛
OMI Corp	0.14	7	57	6¾	6⅝	6¾	+⅛
Pall Corp	0.38	32	283	30¼	29⅝	29¾	
Pegasus G	0.10	36	779	13½	13½	13½	+⅛
[illegible]							

NASDAQ NATIONAL MARKET

3:00 pm prices February 27

[illegible]

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		30	247	29½	28¾	28¾	-¼
Xoma Corp		13	5005	24¼	23¼	23½	+1
Yellow Fr	0.94	33	1201	32¼	31⅝	31⅞	+⅛
York Rsch		50	1138	6¼	5⅞	6	
ZionsUtah	1.44	10	122	u49	47½	48⅛	+⅞

FINANCIAL TIMES Friday February 28 1992

AMERICA

Dow falls on profit-taking and rise in jobless data

Wall Street

US EQUITIES edged lower at midsession on sporadic profit-taking and on disappointment about a rise in weekly unemployment claims, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 4.25 at 3,279.07, having spent the morning session in negative territory. The more broadly based Standard & Poor's 500 was little changed at midsession, down just 0.32 at 415.03, while the Nasdaq composite of over-the-counter stocks built on Wednesday's gains, adding another 3.58 at 635.98. Turnover on the NYSE was 140m shares by 1 pm.

The only economic news of the day was broadly bearish, with the labor department reporting that an extra 7,000 people had filed claims for state unemployment insurance during the second week of the month. The figures make it more likely that the February employment report, due out on March 6, will show a further deterioration in job market conditions.

Among individual issues, Warner-Lambert dropped $4¾ to $64¼ in turnover of 2.2m shares on the news that the Food and Drug Administration had raised questions that could delay marketing approval for the company's Lopid SR drug, which is used to regulate cholesterol.

In the same sector, the ADRs of UK drugs group Glaxo were heavily traded for the second consecutive day, the stock falling another $⅛ to $28¼ in turnover of 2.4m shares. Glaxo has been in the news in Europe, after Denmark's Office of Fair Trading said it was asking the European Community Commission to investigate the company's pricing policies.

Shares in Philips jumped $2¾ to $20¼ in busy trading after the Dutch group turned a big 1990 loss into a healthy profit for 1991.

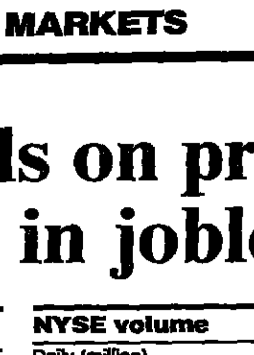
Trading in Conagra shares was delayed during the morning because of an order imbalance on the sell side, sparked by the news that the company's stock had been downgraded by Goldman Sachs. When trading reopened, Conagra fell $2¾ to $28⅛.

Chemical Waste Management rose $1 to $20⅞ after Morgan Stanley upgraded the stock from a "hold" to a "buy", arguing that the shares, currently trading at a 15 per cent premium to the market, are undervalued based on earnings projections.

On the over-the-counter market, Vitesse Semiconductor climbed $½ to $20¼ after the company backed market estimates that its second quarter earnings would reach seven cents a share, a big improvement on the previous year's quarter.

US Bancorp rose $1¼ to $22¼ after the regional banking group agreed to buy 49 branches in northern California and Nevada from BankAmerica (up $¾ at $44) and Security Pacific (up $⅝ at $36⅝) for $70m.

NYSE volume



Canada

TORONTO stocks were flat at midday as the market digested Wednesday's gains. The TSE 300 rose 4.2 to 3,584.6 after trading in a 10-point range during the morning. Advances led declines by 258 to 182 on turnover of C$249.88m.

Gold shares rose on a firmer bullion price, with American Barrick up C$⅛ to C$32⅞.

Argentine equities show signs of maturity

Investors' initial enthusiasm is giving way to a more sober analysis, says John Barham

Argentina's hyperactive stock market is coming of age. After beating the world's bourses last year with a rise of 370 per cent in dollar terms, the Buenos Aires Stock Exchange is settling down to a less intense, and more measured, pace. That does not mean slow, though: so far this year it has grown by "only" 15 per cent.

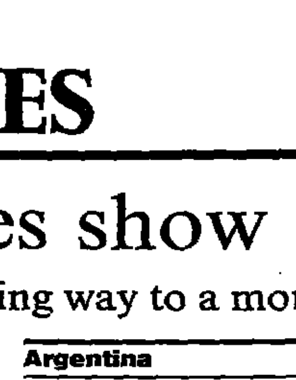
The underlying fundamentals that powered the market in 1991 have not changed: Argentina's embrace of free market reforms continue to pay off, with relatively low inflation, economic growth and ordered government finances. Foreign capital is still flowing in. These factors, combined with a shortage of investment paper, led to last year's across the board price increases.

However, the first surge of enthusiasm is giving way to a more sober analysis. Investors are becoming more discriminating. Regulators are cracking down on what is still regarded as a "cowboy" market. Also, investors' appetite for equities should be sated by a hefty batch of privatisation issues.

On Monday, the government unleashes an international marketing offensive to sell its remaining 30 per cent in Telecom Argentina, the country's second-largest privatised telephone company. The flotation, which should raise at least $640m, will inject liquidity into the market and broaden its investor base.

Telecom – 39 per cent-owned by the French and Italian state telephone companies – has a seven-year monopoly over services in northern Argentina, renewable for a further three years. It forecasts a 40 per cent increase in revenues to $1.2bn in 1992 and a 130 per cent rise in net profit to $120m. Telecom shares should, therefore, imitate the performance of Argentina's other telephone company, Telefónica de Argentina: its share price has risen by almost 50 per cent since its flotation in December.

Argentina



Source: Datastream

Other privatisation issues are expected to dominate the stock market this year. The government plans to net about $6bn by selling seven companies, which range from the post and telegraph company to big gas and electricity utilities. Controlling stakes will probably be sold directly to the operators, with minority stakes floated on the local and international equity markets.

Mr Martin Redrado, head of the National Securities Commission, says there is "real hunger" for stocks in Argentina and doubts that privatisation issues will swamp the market. Although prices are high, with price/earnings ratios averaging 20, he says Argentina's market capitalisation of $18.5bn is equivalent to 13 per cent of GDP.

Analysts say investors are becoming more demanding. Mr Christopher Ecclestone, a Buenos Aires equity analyst, says: "There is some disillusion that prices may have peaked, but there is still value in second-tier stocks. People who bought almost anything last year to get exposure to Argentina are reorganising their portfolios as the economic picture becomes clearer." Banking, construction and food shares are popular, but he warns that the market is still faddish and restless.

Curiously, interest from private companies in raising equity capital remains muted: only five companies have applied for a listing and just eight companies which are already listed made rights issues for a total of $300m in 1991. Privately, stock market officials say that Argentine businessmen are irrationally afraid of listing, and accuse local investment banks of not knowing how to structure share issues. Sooner or later, however, Argentina's capital-starved companies will have to turn to the equity market to survive.

Meanwhile, Mr Redrado is forcing companies to improve disclosure and adopt international accounting practices – a move that could reveal some companies as far less healthy than their present accounts suggest. He also intends to crack down on widespread market manipulation, by doubling his force of inspectors to 30. Last week, in an unmistakable warning to the market, the government suspended two financial companies for alleged tax and trading offences.

EUROPE

CAC-40 confounds sceptics as it pierces 2,000

THE CONTINENT remained in an optimistic mood yesterday, *writes Our Markets Staff.*

PARIS confounded the sceptics as the CAC-40 index broke above the 2,000 mark, albeit briefly, for the first time since July 20, 1990. The index reached 2,004.18 but then dived to 1,972.77 due to the careless execution of a medium-sized sell program by a leading domestic broker. Options-related selling also pushed the market down. The index regained its composure to close 3.81 higher at 1,985.12 in volume of FFr3.2bn.

Générale des Eaux was one of the day's most active stocks as Ferri put through a block of 30,000 shares, from domestic to foreign hands. The stock eased FFr4 to FFr2,253 with 83,940 shares traded.

LVMH was one of the stocks badly hit by the sell program, falling as low as FFr4,540 before closing down FFr20 at FFr4,600.

UAP, the insurer, was up FFr18 at FFr581 but dealers could find no particular reasons for the rise, while Total eased FFr4 to FFr248.

FRANKFURT continued to gain on buying by UK fund managers who were nervous about their underweight position in German equities. The DAX index closed 12.63 higher at 1,749.90, while the FAZ index, calculated at midsession, rose 4.47 to 708.76. Turnover rose to DM8.5bn from DM7.6bn.

Dealers expected the market to consolidate at current levels during the Carnival festivities next week but were confident that the DAX index could break above 1,800 when trading returned to normal.

Blue-chips were sought after, with Daimler-Benz, which has lagged behind the market, adding DM11.60 to DM761.80. BMW put on DM8 to DM566.50.

Smaller stocks continued to be active. The retailer Kaufhof added DM9.50 to DM514.50 after the company surprised the market with the forecast that 1991 group earnings will rise faster than the 22 per cent increase in group sales last year.

The steel and engineering group Klöckner-Werke was 30 pfg better at DM124.80. After the close it announced that it was passing the dividend on 1990/91 results, due to a sharp drop in earnings. Sector analysts said the decision came as no surprise.

AMSTERDAM was dominated by Philips' results and the announcement from KLM that merger talks with British Airways had been called off. The CBS Tendency Index closed up 0.2 at 126.6.

Philips reported a 1991 net profit of Fl 981m, exceeding analysts forecasts which had been in the Fl 650m range. There was strong US buying in the afternoon and the shares finished up Fl 3.20 or nearly 10 per cent, to Fl 35.60.

KLM's announcement took the market by surprise, although one analyst commented that a merger was beginning to look unlikely as neither side had seemed prepared to agree on the share structure. The Dutch carrier closed down Fl 2.10 or 5.2 per cent at Fl 38.20.

MADRID opened strongly after the treasury cut bond yields in its latest tender, but fell back later. The general index closed at the year's high, up 2.34 at 264.68 in volume estimated at Pta20bn. Repsol, which reported a 3.6 per cent increase in 1991 net profit, gained Pta25 to Pta3,005. Valderrivas, the construction group, rose Pta560 or 4 per cent to Pta14,400 after announcing a 10.7 per cent rise in 1991 net profit.

MILAN again failed to hold on to early gains, the Comit index closing 2.24 lower at 540.50. Technical problems on the telematico screen-based trading system also hindered trading. Turnover was estimated at L110bn after Wednesday's L112.9bn.

Industrials were firmer with Fiat gaining L15 to L5,146 and Montedison rising L20 to L1,430.

Selling pressure pushed the food group SME down by L70 to L3,350 on fears that it would be forced to buy the Standa department store group from Mr Silvio Berlusconi.

STOCKHOLM rose on overnight gains on Wall Street and the Affärsvärlden General Index closed up 8.1 at 935.4 in turnover of SKr503m. Astra free shares, which had risen SKr8 in early trading, fell back on profit-taking to close up SKr2 at SKr579.

BELGIAN followed Wall Street and Frankfurt higher and the Bel-20 index closed up 7.93 at 1,205.92. Solvay, the chemical group, rose BFr175 to BFr12,550, while Petrofina, the oil group, gained BFr75 to BFr10,550.

ZURICH rose in quiet trading although investors remained cautious: the SPI index rose 1.8 to 1,143.6. Alusuisse bearers fell SFr20 to SFr950 on profit-taking after recent strong gains. Oerlikon-Buehrle bearers reversed earlier gains to close down SFr6 at SFr380.

OSLO was lifted by firmer prices for North Sea oil and the all-share index closed up 5.31 or 1.3 per cent to 414.28 in turnover of some NKr200m. Norsk Hydro rose NKr1.5 to NKr137.5 helped by the stronger oil prices.

ISTANBUL fell 104 points in early trading before strong buying in the banking sector and a weaker dollar pushed the index sharply higher: the 75-share index closed up 99.69 or 2.7 per cent at 3,755.97.

FT-SE Eurotrack 100 - Feb 27

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1172.63	1171.73	1171.74	1171.61	1171.63	1171.60	1169.19	1167.26

Day's High 1172.74 Day's Low 1167.26

Feb 26	Feb 25	Feb 24	Feb 21	Feb 20
1165.89	1158.42	1163.91	1154.51	1149.62

Base value 1000 (26/10/90).

SOUTH AFRICA

JOHANNESBURG's all-gold index was lifted by a late rally in the bullion price and closed up 31 at 1,229. The rise helped lift sentiment elsewhere: the overall index gained 37 to 3,583, while the industrial index rose 39 to 4,401.

ASIA PACIFIC

Nikkei loses early gain on index-linked selling

Tokyo

THE OVERNIGHT rise on Wall Street and higher bond prices lifted share prices initially, but index-linked selling in the afternoon sent the Nikkei average down, *writes Emiko Terazono in Tokyo.*

The Nikkei ended 31.07 lower at 21,333.70 after hitting the day's high of 21,376.69 in the morning and low of 20,940.07 in the afternoon.

Volume rose to 220m shares from 200m as some individual investors bought pharmaceutical and food stocks. Overall rises still led declines by 479 to 451, with 190 issues unchanged. The Topix index of all first section stocks finished a slight 1.64 up at 1,553.65, and in London the ISE/Nikkei 50 index was 0.06 firmer at 1,186.69.

Traders said that in spite of the retreat by share prices, sentiment remained firm. "The market had a lot working against it, but showed stability," commented Mr Chris Newton at James Capel.

Sentiment was unaffected by a further batch of negative earnings reports from companies, the continuing investigation of a political bribery scandal and reports that the Ministry of Finance is investigating the practice whereby brokerage houses reshuffle clients' investment losses.

Traders said that technically the Nikkei was oversold: it is 20.9 per cent below its five-year moving average, the lowest level since 1965 when the average stood 23.7 per cent below the five-year line.

A call by Mr Shin Kanemaru, vice-president of the leading Liberal Democratic Party, for a cut in the discount rate gave some optimism to the market. In a speech given to the Takeshita faction of the LDP, he hinted that if Mr Yasushi Mieno, the governor of the Bank of Japan, did not cut rates soon, the government had the power to fire him.

Companies which had announced new developments in Aids-related drugs or potential cures for cancer attracted short-term traders. Mochida Pharmaceutical, the most active issue of the day, surged Y290 to Y2,920 and Nippon Mining, which was reported to have developed an anti-Aids drug with Japanese and US researchers, forged ahead Y31 to Y490.

Orix, the leasing company, fell Y130 to Y2,380 on foreign selling. Investors were discouraged by an estimated 30 per cent decline in pre-tax profits for the current year to March.

Brokerage houses remained weak on concern about the official investigation into the practice of helping some clients' accounts by selling off loss-carrying investments to other investors. Daiwa Securities fell Y21 to Y930 and Nomura Securities lost Y10 to Y1,480.

In Osaka, the OSE average advanced 134.84 to 22,969.59 in volume of 68.7m shares.

Roundup

HONG KONG closed at its second consecutive record high, but elsewhere on the Pacific Rim sentiment was mixed.

HONG KONG took confidence from better than expected results from the Australian division of Hong Kong and Shanghai Banking, lending weight to forecasts that the bank was showing signs of recovery. The Hang Seng index climbed 100.42 or 2.1 per cent to 4,895.13 in turnover of HK$3.7bn, against HK$2.8bn.

HSBC Holdings, parent company of the bank, was the most active stock and finished HK$2.50 higher at HK$42.25.

SEOUL ended three days of declines as the composite index closed 2.94 firmer at 624.36 in turnover of Won262.9bn.

TAIWAN climbed sharply in early trading but turned back later, the weighted index closing a net 67.72 or 1.4 per cent up at 5,019.22 after turnover of T$37.5bn.

MANILA lacked specific direction and the composite index gained 7.63 at 1,201.11 in turnover of 174m pesos.

KUALA LUMPUR retreated in the afternoon as profits were taken and the composite index closed down 2.50 at 600.66 in volume of 42.7m shares. Berjaya Leisure rose 14 cents to M$2.16 after announcing plans to buy two island resort firms.

SINGAPORE lost ground in quiet trade, the Straits Times Industrial index falling 12.51 to 1,471.91 in turnover of S$117.7m.

BANGKOK dropped to its lowest level since last August, the SET index ending 19.79 or 2.5 per cent off at 780.18. Bangkok Land lost Bt13 to Bt189 in turnover of Bt1.19bn, the largest fall since its listing on February 5. Bangkok Bank shed Bt4 to Bt704 in active trade.

AUSTRALIA was unmoved by the government's economic statement but fell on profit-taking. The All Ordinaries index finished down 14.9 at 1,623.2 in turnover of A$280m.

Brambles Industries, the transport group, slipped 40 cents to A$16.80 after announcing a 13 per cent fall in interim profits, while Comalco, the aluminium producer, shed 3 cents to A$3.87 on reporting an 85 per cent drop in annual net profits.

NEW ZEALAND closed easier in moderate volume: the NZSE-40 index dipped 5.76 to 1,495.11. Air New Zealand declined 5 cents to NZ$1.77 on news of further deregulation in air routes between Australia and New Zealand.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 26 1992								TUESDAY FEBRUARY 25 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	146.30	+0.0	124.23	119.90	125.69	129.95	+0.3	4.25	146.35	123.49	119.75	124.74	129.56	160.31	112.74	131.57
Austria (20)	181.70	−2.5	154.29	148.91	156.11	156.01	−1.5	1.85	186.43	157.31	152.56	158.91	158.31	222.37	153.86	214.46
Belgium (46)	138.34	−1.4	117.47	113.36	118.85	115.99	−0.5	5.08	140.26	118.36	114.77	119.55	116.57	151.20	118.04	148.06
Canada (115)	135.94	+1.2	115.43	111.40	116.78	116.25	+0.8	3.19	134.36	113.37	109.93	114.51	115.34	144.28	126.49	136.85
Denmark (36)	246.36	−0.1	209.20	201.91	211.66	214.45	+0.1	1.67	246.67	208.14	201.84	210.25	214.29	273.94	217.74	264.69
Finland (15)	84.90	−0.8	72.09	69.58	72.94	80.69	−0.3	2.46	85.59	72.23	70.04	72.96	80.90	125.15	73.32	113.56
France (108)	154.57	+0.6	131.25	126.67	132.78	136.20	+1.3	3.26	153.71	129.70	125.77	131.01	134.42	154.70	119.11	146.97
Germany (65)	118.69	−0.4	100.78	97.28	101.97	101.97	+0.4	2.27	119.18	100.56	97.53	101.58	101.58	125.35	94.15	120.90
Hong Kong (55)	198.83	+0.7	168.83	162.94	170.82	198.14	+0.7	3.87	197.43	166.59	161.55	168.29	196.72	198.83	119.62	142.15
Ireland (18)	161.94	−1.2	137.51	132.71	139.12	141.29	−0.5	3.62	163.95	138.35	134.16	139.75	142.03	182.46	132.88	170.76
Italy (77)	75.99	−1.3	64.53	62.27	65.28	70.39	−0.5	3.29	76.99	64.97	62.99	65.62	70.74	88.23	64.76	86.33
Japan (473)	117.67	+0.9	99.92	96.44	101.11	96.44	+1.0	0.88	116.64	98.42	95.44	99.43	95.44	146.97	116.27	143.12
Malaysia (68)	244.54	+0.5	207.65	200.40	210.08	244.07	+0.5	2.73	243.22	205.23	199.01	207.31	242.75	250.18	189.18	226.62
Mexico (18)	1683.19	−0.2	1429.26	1379.44	1446.08	5632.28	−0.2	0.99	1686.77	1423.33	1380.24	1437.76	5644.72	1694.11	534.45	596.68
Netherland (31)	150.03	−0.5	127.39	122.95	128.90	127.36	+0.3	4.31	150.76	127.21	123.36	128.51	126.95	156.48	125.70	141.69
New Zealand (14)	46.14	+0.2	39.18	37.81	39.64	45.24	+0.2	6.07	46.03	38.84	37.66	39.23	45.15	54.64	41.18	47.74
Norway (24)	161.26	−0.5	136.93	132.16	138.54	141.50	+0.4	1.73	162.08	136.76	132.63	138.15	140.90	223.24	157.08	204.76
Singapore (38)	214.60	−1.6	182.22	175.87	184.37	162.68	−1.4	2.11	218.07	184.01	178.44	185.87	164.91	228.43	151.63	195.21
South Africa (61)	217.81	−1.1	184.95	178.50	187.12	177.97	+0.0	2.81	220.22	185.83	180.20	187.71	177.96	271.99	173.00	197.23
Spain (52)	156.34	+0.5	132.75	128.13	134.31	122.64	+1.2	4.52	155.61	131.30	127.33	132.63	121.18	171.12	131.51	166.57
Sweden (25)	174.52	−0.1	148.19	143.03	149.94	154.43	+0.5	2.91	174.61	147.34	142.89	148.84	153.68	204.12	146.60	194.33
Switzerland (59)	99.07	−0.3	84.12	81.20	85.13	92.01	+0.8	2.18	99.35	83.83	81.30	84.69	91.47	104.22	82.17	98.54
United Kingdom (233)	178.55	+0.0	151.62	146.32	153.39	151.62	+0.7	4.92	178.51	150.63	146.06	152.14	150.63	187.44	156.27	180.89
USA (523)	169.51	+1.2	143.93	138.92	145.64	169.51	+1.2	2.89	167.51	141.35	137.07	142.78	167.51	171.86	125.95	149.01
Europe (809)	145.51	−0.1	123.56	119.25	125.02	125.03	+0.6	3.87	145.72	122.96	119.24	124.21	124.32	151.52	125.50	147.87
Nordic (100)	172.76	−0.2	146.70	141.59	148.43	146.35	+0.3	2.20	173.03	146.00	141.59	147.49	145.96	200.81	155.55	192.84
Pacific Basin (717)	121.26	+0.8	102.96	99.38	104.18	100.38	+1.0	1.23	120.29	101.50	98.43	102.53	99.43	146.92	117.86	142.32
Euro – Pacific (1526)	131.22	+0.4	111.43	107.53	112.73	110.88	+0.8	2.40	130.72	110.31	106.96	111.42	110.01	147.66	121.29	144.95
North America (638)	167.38	+1.2	142.13	137.19	143.82	165.89	+1.2	2.90	165.40	139.57	135.36	141.01	163.96	169.69	125.91	148.17
Europe Ex. UK (576)	125.33	−0.3	106.42	102.73	107.69	109.48	+0.5	3.12	125.66	106.03	102.84	107.13	108.92	129.80	103.58	127.60
Pacific Ex. Japan (244)	156.65	+0.2	133.02	128.40	134.59	140.61	+0.3	3.61	156.36	131.94	127.96	133.29	140.14	156.65	111.40	131.98
World Ex. US (1720)	133.32	+0.4	113.21	109.27	114.54	113.09	+0.8	2.42	132.82	112.08	108.69	113.22	112.24	148.16	122.32	145.45
World Ex. UK (2010)	141.28	+0.8	119.97	115.79	121.38	128.33	+1.0	2.33	140.19	118.30	114.72	119.51	127.11	150.58	120.06	142.08
World Ex. So. Af. (2182)	144.08	+0.7	122.34	118.09	123.79	130.10	+0.9	2.60	143.05	120.71	117.07	121.94	128.89	153.05	122.92	145.21
World Ex. Japan (1770)	160.05	+0.8	135.90	131.18	137.53	150.04	+0.9	3.27	159.06	134.22	130.17	135.60	148.72	161.90	126.69	148.20
The World Index (2243)	144.52	+0.7	122.72	118.45	124.17	130.54	+0.9	2.60	143.52	121.11	117.45	122.34	129.33	153.70	123.28	145.52

Latest prices were unavailable for this edition.

RECRUITMENT

Adrian Furnham considers the attractions of the psychological approach to personnel selection

Putting personality tests to the test

After 20 years of ostracism and cynicism, personality and ability testing has become popular, even mandatory, in many organisations.

A recent survey of The Times 1000 companies indicated that between a quarter and a third used psychological tests and that the number was increasing. However, academic psychologists remain highly sceptical about the predictive validity of any, or all, personality tests, particularly in the market-place of work.

A little of this scepticism – even cynicism – has rubbed off on personnel and human resources directors but many remain eager to buy and apply such tests to selection and related organisational issues.

It is not difficult to see why businesspeople are attracted to the idea of testing. Establishing an accurate, fair and sensitive process of selection and appraisal is far from easy. Everyone has experienced the awkward, or inadequate, or lazy, or irresponsible, or inefficient colleague whom somebody selected and nobody can sack.

As a result some use tests specifically to select out, rather than select in – to warn about people who may prove problematic, rather than highlight potential high-flyers.

It is difficult to obtain all relevant information about people, compare them with others and make judgments on their future success only by referring to CVs and interviewing them, so it is no surprise that managers turn to personality tests which are apparently scientific, seem to provide useful material on a whole range of personality traits and give normative data for the population as a whole.

On the other hand, there are those who believe that with sufficient experience and a modicum of common sense they can easily select the right person. Tests are not for them. They might argue that just as intelligence tests do not measure intelligence, so personality tests can hardly measure something as complex, subtle and varied as personality. After all, people have one thing in common - they are all different; so some feel it offensive to reduce people to sets of 16 numbers on a computer-generated profile.

In fact as more and more personality tests come on to the market cynics have had to rehearse their arguments more frequently. Common objections are:

- Many of these tests can be faked. People may lie to put themselves in a good light and achieve high scores but this does not reflect their real personality.
- Some people do not have sufficient self-insight to report on their own feelings and behaviour. Some cannot, rather than will not, give accurate answers about themselves.
- Tests are unreliable in that all sorts of temporary factors such as anxiety, boredom, weariness or ill health can lead people to give different answers on different occasions. Tests, like the psychologists who invent them, are unstable.
- Most importantly, tests are invalid as they do not measure what they purport to measure and, equally, the scores do not predict performance in business over time. Many tests have this Achilles heel and are lamentably short of robust proof of their validity.
- Tests might be able to measure all sort of dimensions of behaviour but not those crucial to the organisation such as trustworthiness and likelihood of absenteeism. Buying personality tests is like having a set menu; what many managers want is the *à la carte*, where they can select what they want.
- People have to be sufficiently literate or articulate to do the tests and be sufficiently familiar with North American jargon. Many organisations believe their workforce could not do them properly, it would take up too much time or would cause embarrassment.
- There are no good norms, at least for the populations companies want to test; comparing them with north American samples, mostly white undergraduates, is dangerously misleading. That is, there are no benchmark statistics against which to measure employees.
- The tests are unfair and biased in favour of the white middle class so white males tend to do better or show more attractive profiles and so get selected. Many tests are the product of middle class, middle-brow, middle-aged, middle Americans and are not appropriate for those from other groups.
- Interpretation of the tests takes skill, insight and experience which may be too expensive or not available. In the wrong hands, tests are dangerous because profiles are given inaccurate or too literal interpretations. Organisations can become consultant dependent, which is a very expensive addiction.
- Freedom of information legislation may mean that candidates can see and perhaps challenge the scores themselves, their interpretation or the decisions made on them. This may lead to extreme embarrassment or, worse, litigation.
- As tests of both ability and personality become well known, people could buy copies and practice so that they know the correct or most desirable answers. This happens extensively with US ability testing and results could be seen to have more to do with preparation and practice than actual ability.

These 11 criticisms are frequently heard. In some instances, and considering some tests, they are more than justified. They make a useful list with which to confront a testing enthusiast. But old hands know most of the answers and can provide impressive statistics on norms, reliability and so on. In addition to answering the criticisms they may also in fact present a strong case for testing. Examples are:

- Tests provide numeric information which means individuals can more easily be compared on the same criteria. Different questions are asked of different candidates during interviews and the answers often forgotten. Testing is an empirical, scientific operation.
- With data-based records a person's development can be traced over time. Test results in an individual's file can actually demonstrate if, and by how much, the tests were predictive of later work-related behaviour.
- Tests give explicit and specific results on temperament and ability rather than the vague, ambiguous, coded platitudes so often found in references. A percentage score – provided of course that it is valid – makes for much clearer thinking about personal characteristics than terms such as satisfactory, sufficient or high-flyer.
- Tests are fair because they eliminate corruption and stop favouritism or old boy, masonic or Oxbridge networks from self perpetuating. That is, if a person does not have the ability or a "dangerous" profile they will not be chose irrespective of their other "assets".
- Tests are comprehensive in that they cover all the basic dimensions of personality and ability from which other behaviour patterns derive. Most, but not all, tests tap into the agreed three crucial facets of human personality which are extraversion, stability, tough-mindedness.
- Tests are scientific in that they are soundly empirically based on proven theoretical foundations – that is, they are reliable, valid and able to discriminate the good from the mediocre and the average from the bad. Many have a wealth of studies in their support "proving" that personality/ability scores relate to occupational behaviour.

As an academic I like to feel impartial, disinterested and fair when approaching the topic of testing. This desire for balance (or is it fence-sitting?) leads me to teach two quite difference courses.

One, A Which? Guide to Testing, is for business people and personnel officers and is aimed at helping to appreciate which are the discerning, critical and crucial questions to ask of test salesmen. One motive is to help them choose, or develop for themselves, the best test for their particular needs.

The other course, Introductory Psychometrics, is an attempt to persuade my sometimes cynical, critical and capricious students of the benefits (indeed necessity) of measuring individual differences and, more importantly, how to do it properly.

Few people from either group come to the topic without a store of strong opinions in spite of the fact that their knowledge-base of the pitfalls and advantages is pretty tabula rasa. Perhaps a Which? report with little black and red boxes showing strengths and weaknesses is exactly what is required.

Adrian Furnham is a Reader in Psychology at University College London and head of its Business Psychology Unit.

Michael Dixon is away.

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ACCOUNTANCY COLUMN

Misunderstandings that can lead to share fluctuations

By Andrew Jack

IT BEGAN with the first public reprimands from the Financial Reporting Review Panel in late January. It continued with circulars on accounting matters from a growing number of city stockbrokers. It may soon affect a company near you.

None of the events of the last few weeks has involved the revelation of new financial information. Yet they have triggered fluctuations in the share prices of many of the companies concerned. That raises interesting questions about the way the stock market reacts to accounting-related information.

On January 28 this year the review panel publicly criticised Williams Holdings for transgressing accounting standards by excluding exceptional items from its earnings per share calculation. The share price fell 20p, before recovering slightly to close down 11p on the day.

A month later, on Friday January 31, a circular was issued by Williams de Broë called "Bringing the engineers to account", which dealt with the accounting practices of five companies in the engineering sector. The comment appears to have helped depress the share price of TI Group, the most heavily criticised of the companies, which was dubbed "fundamentally overvalued". The shares fell by 11p to 597p on the day, and by a further 17p the following Monday.

The next day, County NatWest issued a response entitled "All above board" which declared that the company's accounting policies did, in fact, "stand comparison with its peers". TI's share price climbed 19p to 599p.

Attention soon switched elsewhere. On February 6, details of a draft report prepared by Barclays de Zoete Wedd leaked to the media.

The BZW report discussed the work programme of new accounting standards being prepared by the Accounting Standards Board. It argued that the changes would most affect companies with: cash absorption; substantial profits from acquisitions and disposals; large non-recurring costs; the presence of hybrid capital instruments on the balance sheet under equity or minorities; significant off-balance sheet finance; creative acquisition accounting; large amounts of unprovided deferred tax; and substantial losses from foreign currency translation taken through reserves.

The BZW report also analysed the effects of the changes on five companies: British Airways, P&O, Cable & Wireless, Fisons and Ladbroke. It stressed that the companies were obeying existing accounting standards, but that their results would be shown in a less favourable light under the new standards.

The short-term effect was clearly evident. Shares in P&O fell by 1p, in British Airways by 4p, and in Fisons by 6p. They slumped 13p in Cable & Wireless. Only Ladbroke's shares closed unchanged.

Irate phone calls and letters soon followed from some of the finance directors of the companies named. BZW was forced to recall drafts of the report and have them shredded. The next week, it made a public announcement that the report was to be withdrawn following "misinterpretation" of its contents.

An anaemic "legitimate son" of the draft report was released at the start of this week. Every reference to examples of real companies had been stripped out. It even substituted the phrase "characteristics sensitive to the proposed changes" for the original "companies with the following characteristics are likely to be vulnerable" to preface the list given above.

It would be dangerous to argue that all these share price movements were driven by the accounting-related events described. The true reasons for fluctuations are probably never entirely explicable. In fact, the fall in the Cable & Wireless share price was at least partly due to a profits downgrading issued by BZW on the same day as reports of the leaked draft appeared. (It insisted the downgrading was unconnected with the draft.)

The instinctive reaction of many market makers may be to mark the stock down first when there is accounting-related news, and look at the information in more detail later

The accounting analysis itself may not always be the central issue. Market rumours about the BZW report gave the impression that it was going to criticise the existing earnings of the companies named, and not simply make hypothetical projections.

The effect on the share prices of the companies concerned has since dissipated. Other factors have helped change the price, and most have risen again. It is unclear what the longer term effect of the accounting events has been.

Nevertheless, it would seem that the market is adjusting to information that it ought to have already known. BZW and Williams de Broë took figures which are readily available in the annual reports of the companies concerned, and simply re-arranged them. County NatWest added nothing new.

Williams Holdings was criticised by the review panel for its treatment of exceptional items. But the divergence from accounting standards was clearly flagged in its accounts, and the alternative method stipulated was published directly underneath.

"In many ways the [share price] moves are surprising," says Mr David Tweedie, chairman of the Accounting Standards Board. "The information is there already."

Some suggest that whenever accounting is mentioned in public at the moment, it is a word tainted with scandal and suspicion. Others argue that the markets are always unpredictable in the short-term, particularly with the current political and economic uncertainties of the UK.

In either case, the instinctive reaction of many market makers may be to mark the stock down first when there is accounting-related news, and then look at the information in more detail later. If the news is then judged irrelevant or less critical than anticipated, the share price will bounce back again.

However, these movements do seem to call into doubt the so-called "efficient market theory", for which there is considerable academic support. It argues that any information once publicly available will be rapidly reflected in the share price of a company. Hence any rearrangement of existing accounting information should have no effect.

Goldman Sachs produced some research last May which put forward tentative evidence for an alternative approach, known as the "functional fixation theory". Decision makers, it seems, are fixated by reported earnings figures. They associate any changes in a company's earnings with differences in its economic performance, even when it is solely brought about by changes in accounting practice.

There is one other possible and unpleasant factor which observers will concede in private, shaking their heads sadly: that the quality of analysis conducted by many of the "City scribblers" employed by stockbrokers is not, ahem, as good as it might be.

"You're putting me a bit in a corner," says Mr Michael Garner, finance director of TI. "I have always been brought up never to criticise the market."

Professor Paul Marsh from the London Business School admits he is a little puzzled by these recent share price movements, but maintains that most evidence still points to the efficient market theory. He argues that as long as one or two analysts fully understand the accounts, that ought to be reflected in the share price. But he adds: "Maybe the notes to the accounts have a readership of six. It makes you worry."

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UK Finance Director (Designate)

Leamington Spa — c£40,000 + Car + Benefits

Our client, part of a major plc, is a well-respected company involved in market research. A leading player in its field, this company has achieved an impressive growth rate since its foundation in 1973 and today enjoys a turnover of approximately £40 million. In addition to its UK-based business, there are three operations in Europe and one in North America. It is against this positive background that our client wishes to appoint a UK Finance Director (Designate) to assume full responsibility for the financial management of the company's UK accounting procedures.

Reporting directly to, and working closely with, the Group Finance Director, the main purpose of the role will be to monitor financial performance, further develop systems and procedures appropriate for the growing business and maximise the contribution of financial management to business planning, operational control and profit performance.

Applications are invited from qualified Chartered Accountants with a proven track record of career progression in a fast moving commercial environment, ideally with a strong client service ethos.

The chosen candidate will be an effective and determined "team player", with sound experience of management information systems, who will enjoy working with a dynamic, energetic and entrepreneurial team of Directors.

A high degree of commercial acumen is essential, as are ambition, decisiveness and effective man-management skills.

To apply, please write, quoting reference B/380/92, with full career and salary details to Margaret - Anne Stocker.

KPMG Executive Selection

KPMG Peat Marwick, Peat House, 2 Cornwall Street, Birmingham B3 2DL.

Finance Director

Gloucestershire

Up to £40,000 + bonus + car

My client is an international company with its headquarters and manufacturing plant in the UK supported by five subsidiary sales companies throughout Europe and the USA. A market leader in its sector, the company designs, manufactures and markets microprocessor based machines, with turnover currently standing at £20m.

After a period of radical re-structuring, the business is on track for steady profitable growth under its new management team. As head of the finance function, the Finance Director will play a major part in achieving its goals.

The post carries responsibility for all elements of the financial affairs of the company, from the preparation of consolidated accounts and Company Secretarial duties, through commissioning a new fully integrated computer system, to advising the Board on mergers and acquisitions.

To be considered for this demanding role you must be a qualified accountant with experience at senior level in an international – probably a manufacturing – company. Aged 35–45, your track record will demonstrate hands-on knowledge of every aspect of finance management.

This is a rare opportunity to join the executive team of an autonomous and ambitious company with an excellent reputation in a growing world market. The finance team needs the direction and support of a capable accountant and manager; the Board needs the contribution of a confident professional with the ability to implement change.

To take things further, send your full C.V. and salary history to **Alan Birch, Macmillan Davies Consultants, Salisbury House, Bluecoats, Hertford, Herts. SG14 1PU. Quoting reference MD2924.**

Macmillan Davies

S E A R C H & S E L E C T I O N

Group Finance Director

North-West — **to £60,000 + bonus, options, executive car, benefits.**

This highly successful UK-based distribution Group (turnover approaching £75m) has become a major force in its market sector. Through a programme of acquisitions, it has expanded significantly into Europe and has already embarked upon an ambitious strategic plan to become a truly global player within the foreseeable future. A Group Finance Director is now required to bring an exceptional level of financial expertise and tough commercial experience to the Board.

The Role

- Control and streamline financial reporting procedures of the UK and European operations; provide strong leadership and direction to accounting team.
- Improve quality of management information; IT responsibility
- Work closely with Group Chief Executive on developing and implementing strategic business plans, with focus on increased profitability.
- Liaise with external advisors; influence key trading relationships; represent company at highest level with credibility and stature.

The Requirement

- Gifted, qualified professional of graduate calibre with demonstrably successful track record in industry/commerce. Age: 30-40.
- Ability to handle treasury requirements of growing international Group; experience of international operations an advantage, including foreign language.
- Practical, disciplined approach; up-to-date PC skills.
- Strong personality; persuasive and diplomatic communicator; natural team leader.

Please apply in writing, enclosing full c.v. quoting Ref: M691.

ASB SELECTION

Amethyst House, Spring Gardens, Manchester M2 1EA. Tel: 061-834 0618. Fax: 061-832 9123

FINANCIAL CONTROLLER

Growth orientated, £4m turnover, young private company seeks commercially minded financial controller. Experience and attitude are more important than qualifications. Based in Mitcham, south London. Please write with C.V. to box A447 Financial Times, One Southwark Bridge, London SE1 9HL.

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appears every Wednesday & Thursday & Friday (International edition only)

For further information please call

Richard Jones 071-873 3460

Teresa Keane 071-873 3607

Alison Prin 071-873 3607

Philip Wrigley 071 873 3351

Manager - Finance and Operations

Asian Bank Start-Up

City — c.£42,000 + car + banking benefits

We are recruiting for the London subsidiary of a progressive, South East Asian banking group which is in a start-up situation. Operations are already international, backed by Government and include international project finance, capital market operations, securities trading and Eastern European investments. An experienced Manager – Finance and Operations is sought to assist the present high level management team comprising country nationals in the set up of the operation and its subsequent management and business development.

In this No. 1 financial role, the successful candidate will assume responsibility for financial, management and back office control and be expected to take responsibility for all legal, regulatory and compliance matters.

Candidates should be chartered accountants with several years experience of a similar role within a banking environment. Knowledge of the regulatory framework, management information systems as well as treasury and capital market products is essential. Since the role is a start-up, candidates must be self-starters, possess a practical approach and confidence. Patience, tact and maturity (probably aged 40-50) are prerequisites for success at overcoming what are recognised to be communication issues with Asian management and will demand a high level of empathy with their cultural background. The role provides the right candidate with real opportunity to contribute to the growth and development of this London operation.

Please write, in confidence, enclosing full career and remuneration details, day and home telephone numbers to James Forte, quoting reference 3221.

KPMG Selection & Search

2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

Touche Ross

FINANCE DIRECTOR

Kent — **c. £40,000 + Bonus, Car**

Our client is a leading supplier of fresh produce in the UK. Their business is divided into two distinct operations, supplying separately the major retail multiples and independent retailers. They now wish to recruit a Finance Director for their Multiples Division, which has a current turnover of £65 million and procures produce worldwide for distribution to UK multiple retailers.

Reporting to the Managing Director, the role combines practical financial management with systems development and commercial involvement. Heading a team of 20 staff the incumbent will have full responsibility for financial and management accounting. Of key importance will be the complete review and upgrade of financial and administrative systems, procedures and controls both manual and computerised.

Candidates must be qualified accountants, preferably aged 30 – 40, with significant commercial experience of managing finance in a fast moving environment. Strong management and interpersonal skills are essential, together with proven success in developing computerised financial and management information systems

If you meet these criteria, please send a detailed curriculum vitae, including current salary and day time telephone number, to: Chris Rose, Touche Ross Executive Selection, at the address below, quoting reference CRR112.

MANAGEMENT CONSULTANTS

Mountbatten House, 1 Grosvenor Square, Southampton SO1 2BE. Telephone: 0703 334124.

MANAGING EDITOR

BUSINESS / ACCOUNTANCY

KATO Communications is a successful publishing company, working mainly in the areas of business and accountancy – UK *and* international. This key appointment will help us to meet and manage the growing demand for our services.

We are looking for a qualified accountant (or a financial journalist) with solid managerial experience and a flair for the written word. The post of editorial director could be open to you within a year.

You must be able to manage a small team, write and sub-edit effectively in areas of tax, law and business affairs, and liaise with clients and designers. Prior knowledge of Apple Macintosh would be an advantage.

Salary – in a range £24,000 to £30,000 – will depend on experience and qualification.

Apply, enclosing handwritten letter and cv, to Kate Atchley, KATO Communications, 16 Apollo Studios, Charlton Kings Road, London NW5 2SB; telephone 071–482 6242.

K A T O C O M M U N I C A T I O N S

RECRUITMENT ADVERTISING CONTINUES, AFTER THE PEII RESULTS, ON PAGE 20.

Internal Auditor

Qualified ACA/ACCA (Derivatives/Options experience)

c. £30,000 p.a. + benefits

Our City based client is seeking to appoint an Internal Auditor to be responsible for establishing and implementing an Internal Audit programme in a new expanding Derivatives Company.

This is a new position which will require the following:

- Minimum 2 years post-qualification experience, with specific experience of derivatives/options.
- Practical experience of derivatives/options technology.
- Team player – with excellent interpersonal and influencing skills.

This is a unique career opportunity to join a new company which is part of a large European Financial Group.

Please write in strict confidence with your career details to: J. D. Vine (Ref. FT/27), Vine Potterton Limited, 152/153 Fleet Street, London EC4A 2DH. Please state separately if there are any organisations in which you would not be interested.

VINE POTTERTON
RECRUITMENT ADVERTISING

FINANCE DIRECTOR

To bring a commercial focus and financial skills to the management of a major local transport operation

Up to £40,000, bonus + car — **S E London**

Over the last three years, the subsidiaries of this leading transport group have transformed their approach to business: responsibility has been focused at local level, creating a very commercial climate and an emphasis on the achievement of rigorous business objectives. We are looking for a Finance Director/Company Secretary for one of those subsidiaries, who will flourish in this climate. Responsibilities will be to hone both the company as a whole and the finance activity specifically, to meet the competition it will face in the future. Ideal candidates will be career accountants, with all the attention to detail that such a description implies; they will be comfortable in the application of management controls and financial systems, and in the development of new computer systems to meet business needs. Equally importantly, they will be able to make a real contribution at board level to the creation and implementation of company strategy. There is a substantial professional team to be motivated and a peer group to satisfy that expects the highest standards. These demands postulate a high level of professional ability (we take an accountancy qualification for granted, without any prejudice about which), combined with both authoritative and influential inter-personal skills. Please send full career details, quoting reference WE 2011, to Bernadette Boylan, Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL. Tel: 071-439 4581.

WARD EXECUTIVE LIMITED

IDV

FINANCE MANAGER - NEW HUNGARIAN OFFICE

BUDAPEST

£ ATTRACTIVE PACKAGE NEGOTIABLE

IDV, part of the prestigious and successful Grand Metropolitan Group, is the world's largest drinks business. It's International Marketing Division has recently established an operation in Budapest to import its wide range of well-established brands into Hungary.

The Finance Manager will be the first Finance appointment in the small team. The role will involve full responsibility for all technical detail and reporting as well as wider commercial involvement.

Job challenges include:

- Assisting and influencing management in the identification of improved profitability within the objectives of IDV Group.
- Meeting tight reporting deadlines, whether IDV in London or Hungarian Statutory requirements.
- Dealing with varying levels of seniority within IDV International Marketing Group.
- Assisting in the enhancement of management information.
- Deputising for the Managing Director

To perform this role and be fully involved in business development, possibly in other Eastern bloc countries, you will be a Qualified Accountant with:

- Knowledge of UK Accounting and/or Hungarian Accounting standards (in the event of UK only, other European experience should be strong).
- An ability to work at a detail and overview level.
- Excellent interpersonal and communication skills, supported by a good appreciation of international culture.

APPLICATIONS ARE INVITED FROM ALL NATIONALITIES WHEREVER RESIDENT. INTERVIEWS CAN BE HELD IN LONDON OR BUDAPEST. Candidates must be fluent in English and at least one other European language preferably, but not essentially, Hungarian.

This exciting challenge presents an opportunity to be involved in an operation in its early stage of development, as well as to progress in the medium to longer term within IDV/Grand Metropolitan.

Please ring Karen Wilson, Director, on 071-405 4161 or write to her at FMS, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY enclosing a recent CV and a note of current salary.

The Institute of Chartered Accountants in England and Wales

Results of Professional Examination 2 held in December 1991

List of Successful Candidates

A

Abdul Jabar N. (Coopers & Lybrand Deloitte), London
Abell S.B. (Arthur Andersen & Co), Bristol
Abubacker N. (Price Waterhouse), Newcastle Upon Tyne
Achillea M. (Citroen Wells), London
Adair H.J. (KPMG Peat Marwick), London
Adams D.R.J. (Touche Ross & Co.), London
Adams G.B. (Pannell Kerr Forster), London
Adams M.K. (Ernst & Young), London
Adams R.A. (BDO Binder Hamlyn), Leamington Spa
Adekunle A.D. (Ernst & Young), London
Adkins M. (Price Waterhouse), Nottingham
Agarwal S. (Coopers & Lybrand Deloitte), London
Ager E.P. (Griffith Clarke), Stroud
Aggarwal R.P. (KPMG Peat Marwick), London
Aggarwal S.K. (BDO Binder Hamlyn), London
Agnew K.R. (Price Waterhouse), London
Ahmed N. (Arthur Andersen & Co), London
Ahmed R. (Coopers & Lybrand Deloitte), London
Aitchison M.C.C. (Arthur Andersen & Co), Birmingham
Akhniotis G.H. (Grant Thornton), London
Akhtar S. (Ernst & Young), London
Akhtar S.I. (Ernst & Young), London
Akle C.A. (KPMG Peat Marwick), London
Al Paidathally S. (Sylvester Groves & Co.), Bath
Alder R.G. (Kidsons Impey), Nottingham
Aldington R.N. (Kidsons Impey), London
Aldous S.D. (Coopers & Lybrand Deloitte), Nottingham
Aldridge M.N.K. (Coopers & Lybrand Deloitte), London
Alexander P.D. (Civvals), London
Alexander R.E. (Midgley, Snelling & Co), London
Alexander S.L. (Bright Grahame Murray), London
Ali M.N. (Robson Rhodes), Birmingham
Allan A.I. (KPMG Peat Marwick), Darlington
Allan L. (Price Waterhouse), London
Allen C.E. (Finnie & Co.), London
Allen S.N. (John A. Tuffin & Co), Brighton
Almond C. (Grant Thornton), Newcastle Upon Tyne
Alsop S.A. (Mark J. Rees & Co.), Leicester
Alstead R.G. (Pannell Kerr Forster), Worcester
Ambler L.R. (KPMG Peat Marwick), Nottingham
Amin S.P. (Citroen Wells), London
Amin S. (Rawlinson & Hunter), Ewell
Amos V.H. (KPMG Peat Marwick), Reading
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Annible L.D. (Grant Thornton), Sheffield
Anson M.J. (Whitley, Stimpson & Partners), Banbury
Appleby C.J. (Price Waterhouse), Newcastle Upon Tyne
Applegate M.T. (Coopers & Lybrand Deloitte), Southampton
Ardern H. (Arthur Andersen & Co), Manchester
Aris S.M. (Touche Ross & Co.), London
Arora M. (Leigh Carr), London
Arumugam R. (Kidsons Impey), London
Ashar J.R. (Arthur Andersen & Co), London
Asher D.J. (Lionel H. Lemon & Co), London
Ashton C.J.R. (KPMG Peat Marwick), Sheffield
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Atkinson E.P. (Cooper-Parry, Watson, Sowter & Co), Derby
Atta S.O. (BDO Binder Hamlyn), London
Au A. (Touche Ross & Co.), London
Aungles G. (KPMG Peat Marwick), Nottingham
Austin F.J. (Coopers & Lybrand Deloitte), Cambridge
Austin K.M. (Tudor John), Epsom

B

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Baggs D.J. (Menzies), Walton-On-Thames
Bailey C.L. (Neville Russell), Birmingham
Bailey I. (Clement Keys Rabjohns), Worcester
Bailey V.F. (Spokes & Company), Tonbridge
Bain L.M. (Midgley, Snelling & Co), Weybridge
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Bebb S.C. (Coopers & Lybrand Deloitte), Cardiff
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Bedford R.B. (Coopers & Lybrand Deloitte), London
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Bulley D. (Arthur Andersen & Co), Bristol
Bulleyment P. (Touche Ross & Co.), Leeds
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Bulman D.G. (KPMG Peat Marwick), Bristol
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Burden M.A. (Duncan & Toplis), Boston
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Burns J.N. (Coopers & Lybrand Deloitte), Northampton
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Bushell I.W. (Robson Rhodes), Birmingham
Bushell R.S. (BDO Binder Hamlyn), Croydon
Butcher A.P. (Pannell Kerr Forster), Norwich
Butcher J.R. (Coopers & Lybrand Deloitte), London
Butcher P.D. (Touche Ross & Co.), London
Butler K. (Touche Ross & Co.), Birmingham
Butler P.J. (W.J. Calder Sons & Co.), London
Butler S.J. (Price Waterhouse), London
Bydawell R.D. (Price Waterhouse), Leeds
Byfield N.D. (Spicer & Oppenheim), London

C

Cadbury N.T. (Price Waterhouse), London
Callaghan R.J. (KPMG Peat Marwick), London
Campbell C. (Coopers & Lybrand Deloitte), London
Campbell G.B. (Grant Thornton), High Wycombe
Campbell N.A. (Leigh Carr), London
Campbell-Harris J.N. (Coopers & Lybrand Deloitte), London
Canham D.G. (Kidsons Impey), Ipswich
Capewell M.H. (Bolton, Colby), Staines
Carney C.E. (Ernst & Young), London
Carnwell S.P. (KPMG Peat Marwick), Stoke-On-Trent
Carrington S.J. (Brooking, Knowles & Lawrence), Fareham
Carroll T.J. (Coopers & Lybrand Deloitte), London
Carruthers E.B. (KPMG Peat Marwick), Birmingham
Carter A.E. (Robson Rhodes), Birmingham
Carter D.G. (KPMG Peat Marwick), Southampton
Carter E.G.S. (KPMG Peat Marwick), Ipswich
Carter G.M. (KPMG Peat Marwick), Poole
Carter J.E. (Benjamin, Kay & Brummer), Wembley
Carter N.J. (Solomon Hare), Bristol
Cartwright C.B. (Ernst & Young), Leeds
Cartwright P.A. (Robson Rhodes), Birmingham
Carvell A.P. (Price Waterhouse), London
Casey S.J. (Coopers & Lybrand Deloitte), Leeds
Casserley A.A. (Pannell Kerr Forster), Birmingham
Caulfield P.E.C. (Neville Russell), London
Cave S. (Kidsons Impey), Coventry
Cawood G.P. (Coopers & Lybrand Deloitte), Birmingham
Chadha S. (Bright Grahame Murray), London
Chadwick A.J. (Blackham, Cox, Taylor & Co), Birmingham
Chadwick A.M. (KPMG Peat Marwick), Manchester
Chadwick B.C. (KPMG Peat Marwick), Nottingham
Chadwick S.N. (Wyatt, Morris, Golland & Co), Rochdale
Chadwick T.D. (Touche Ross & Co.), London
Chambers C.A. (Davison Pollock Rees & Shingleton (DPRS)), London
Chambers S.J. (Touche Ross & Co.), London
Chan A.H.B. (KPMG Peat Marwick), Cardiff
Chan A.Y.H. (Cohen Arnold & Co), London
Chan B. (Touche Ross & Co.), London
Chan B.L.W. (Ernst & Young), Cambridge
Chan C.F. (Coopers & Lybrand Deloitte), London
Chan C.K.L. (John Harrison & Company), Worksop
Chan M.K. (Sproull & Co), Harrow
Chan P.Y. (Knox Cropper), London
Chan P.C. (Wilkins Kennedy), London
Chan V.C.S. (Coopers & Lybrand Deloitte), London
Chana J.S. (Touche Ross & Co.), London
Chandler R.I. (Price Waterhouse), Bristol
Chandler S.P. (Pearson May & Co), Bath
Chapman B.A. (KPMG Peat Marwick), Brighton
Chapman I.M. (Arthur Andersen & Co), Leeds
Charalambous J. (Sorsky Defries), London
Charalambous M.T. (Touche Ross & Co.), London
Charles G.J. (James & Uzzell), Swansea
Charles I.D. (Jeffreys Henry), London
Chau S.Y.D. (Jordan, Brookes & Co.), Winchester
Chawla D.S. (Khans), Twickenham
Cheah L.S. (Touche Ross & Co.), London
Cheesman N.A. (Robson Rhodes), London
Chessell S.A. (Touche Ross & Co.), London
Cheung J.W.M. (KPMG Peat Marwick), London
Cheung K.M.C. (Shelley Simmons Pinnick & Co), London
Cheung S.K.J. (KPMG Peat Marwick), Milton Keynes
Chilman J.D. (Price Waterhouse), Bristol
Chin D.H. (Price Waterhouse), London
Ching G.C. (Neville Russell), Brighton
Chinn C.M. (Ernst & Young), London
Chiotis A.S. (Benjamin, Taylor & Co), London
Chippendale S.R. (Moore Stephens), London
Chong P.C.L. (Arthur Andersen & Co), London
Chopra P.D. (KPMG Peat Marwick), London
Chopra S. (Freeda Milston Cedar Baker), London
Chrisovelides A. (BDO Binder Hamlyn), London
Christelow J.C. (Touche Ross & Co.), London
Christofidou M. (KPMG Peat Marwick), London
Chua S.S.L. (Hays Allan), London
Chuah K.K. (Auerbach Hope), London
Churchman A.D. (Price Waterhouse), London
Churley S.L. (Solomon Hare), Chippenham
Clack M. (Price Waterhouse), London
Clamp R.A. (Arthur Andersen & Co), Cambridge
Clapson M.W.H. (Price, Bailey), Cambridge
Clare A.P. (Arthur Andersen & Co), Manchester
Clark A.S. (KPMG Peat Marwick), Cambridge
Clark J. (Ernst & Young), Manchester
Clark V.C. (Touche Ross & Co.), Crawley
Clarke D.J. (Duncan Sheard Glass), Liverpool
Clarke J.J. (KPMG Peat Marwick), London
Clarke S.J. (Ernst & Young), Bristol
Clarkson J.L. (Grant Thornton), Leeds
Clegg R.M.R. (Touche Ross & Co.), Nottingham
Clements C.E. (KPMG Peat Marwick), Maidstone
Clements S.L. (BDO Binder Hamlyn), Leeds
Cliff L.C. (Moores Rowland), London
Clifford D.M. (Ernst & Young), Swindon
Clifton M.R. (Coopers & Lybrand Deloitte), London
Clinton C.S. (Ernst & Young), Leicester
Clinton I.L. (Price Waterhouse), Windsor
Clough J.N. (Touche Ross & Co.), Birmingham
Clough Y. (Price Waterhouse), Leicester
Clucas D.A. (KPMG Peat Marwick), Douglas
Clueit D.W. (Thornton, Harper & Relph), Preston
Cluley M.J.W. (Ernst & Young), London
Cockburn D. (Touche Ross & Co.), Manchester
Cockitt H.E. (Price Waterhouse), London
Cocks A.J. (Grant Thornton), Cheltenham
Code P. (Kidsons Impey), Liverpool
Cohen A.J.S. (Arthur Andersen & Co), London
Coker C. (Price Waterhouse), London
Coker W.J. (Price Waterhouse), London
Cole C.M. (Coopers & Lybrand Deloitte), London
Cole G.A.J. (KPMG Peat Marwick), London
Coleman N.I. (Grant Thornton), Ipswich
Collier D. (Brebner, Allen & Trapp), London
Collins G.A. (Ernst & Young), Southampton
Collins K. (Clark Whitehill), Birmingham
Collins S.E. (Price Waterhouse), Leeds
Conley C.M. (Gilchrist, Tash), Middlesbrough
Conlon M. (McBrides), Sidcup
Connell N.A. (Touche Ross & Co.), London
Connor A.S.E. (Coopers & Lybrand Deloitte), Bournemouth
Constantine N.A. (Moores Rowland), Brighton
Constantinou E. (KPMG Peat Marwick), London
Cook C.I. (Plummer Parsons), Eastbourne
Cook J. (M.J. Ventham & Co), Rochford
Cook R.E. (Arthur Andersen & Co), Manchester
Cooke P.N.D.M. (Stoy Hayward), London
Cooke P.W.T. (Myrus Smith & Co.), Sutton
Coombes J.F. (Pannell Kerr Forster), Leeds
Cooper M.W. (Armstrong & Co), Newcastle Upon Tyne
Cooper S.J. (Bowman & Co), Harrow
Cooper T.C. (BDO Binder Hamlyn), Birmingham
Cope M.H. (Duncan & Toplis), Skegness
Cornick N.L. (Crane & Partners), Bromley
Costley-Wood D.J. (KPMG Peat Marwick), Preston
Coulthard G. (Price Waterhouse), London
Counsell P.M. (KPMG Peat Marwick), Guildford
Counsell S.T. (Coopers & Lybrand Deloitte), London
Courtenay W.F. (Neville Russell), Brighton
Couzens R.M. (KPMG Peat Marwick), Basingstoke
Coverley M.D.S. (Robson Rhodes), Leeds
Cowhig N.E. (BDO Binder Hamlyn), London
Cowie J.R.L. (Smith & Williamson), London
Cox I.B. (Robson Rhodes), London
Coxhead C.A. (Lambert Chapman), Chelmsford
Crabtree V.J. (Coopers & Lybrand Deloitte), Manchester
Cracknell M.I. (KPMG Peat Marwick), Ipswich
Craddock A.P. (Fraser & Russell), Watford
Craig A.J. (KPMG Peat Marwick), Chelmsford
Craig A.R. (KPMG Peat Marwick), London
Craig B. (Touche Ross & Co.), London
Craig M.A. (KPMG Peat Marwick), Guildford
Craig T.J.A. (Coopers & Lybrand Deloitte), Croydon
Crawford G.M. (KPMG Peat Marwick), Birmingham
Crawshaw A.J. (Coopers & Lybrand Deloitte), London
Creaven M.B. (Robson Rhodes), London
Creech A.V. (Ernst & Young), London
Crehan S.C. (Ernst & Young), Reading
Creighton R.W. (Ernst & Young), Norwich
Cresswell S.W. (J.B. Lever & Co), Burnley
Crichton D.F. (KPMG Peat Marwick), Leicester
Cridland R.J.S. (Coopers & Lybrand Deloitte), London
Crocker W.R. (Price Waterhouse), Liverpool
Crockford K.E. (Armstrong Watson & Co), Carlisle
Croft S.L. (Price Waterhouse), Manchester
Crook A.J. (BDO Binder Hamlyn), Leeds
Crook J.A. (Price Waterhouse), St. Albans
Crosland D.E. (KPMG Peat Marwick), Huddersfield
Cross A.N.A. (BDO Binder Hamlyn), London
Crowther S.P. (Ellacott, Stranks & Co), Banbury
Croxon A.M. (Coopers & Lybrand Deloitte), Uxbridge
Crutchley G. (Hays Allan), London
Culhane J.C.D. (Coopers & Lybrand Deloitte), London
Cunliffe S.P. (Coopers & Lybrand Deloitte), Manchester
Cunningham P.L. (Coopers & Lybrand Deloitte), London
Currie J.A. (Price Waterhouse), Nottingham
Curtis D.M. (Maynard Ramsay), Benfleet
Curtis H.F. (Price Waterhouse), London
~~Curtis J.C. (KPMG Peat Marwick), Norwich~~
Curtis N.S. (Coopers & Lybrand Deloitte), London
Cuthbert N.A. (Clark Whitehill), London
Czyzowicz M. (Arnold Hill & Co), London

D

Dabrowska I.M. (Price Waterhouse), London
Dachs M. (Price Waterhouse), Birmingham
Daintith B.J. (Ernst & Young), Liverpool
Dale S.E. (Coopers & Lybrand Deloitte), Nottingham
Daly P.J. (Littlejohn Frazer), London
Daly P.M. (KPMG Peat Marwick), Sheffield
Darling G. (Sayer Vincent), London
Daughney D.J. (KPMG Peat Marwick), Manchester
Daultrey L. (Haslers), Woodford Green
Daunt A. (KPMG Peat Marwick), London
Davar M. (Wilson Wright & Co), London
Dave N.T. (MacIntyre & Co), London
David N.G. (Coopers & Lybrand Deloitte), London
Davidson N.A. (Ernst & Young), London
Davies A.M. (KPMG Peat Marwick), Cardiff
Davies A.M. (Arthur Andersen & Co), London
Davies A.L. (Muras, Baker, Jones & Co), Wolverhampton
Davies C.L. (KPMG Peat Marwick), London
Davies G.L. (KPMG Peat Marwick), Sheffield
Davies J.R. (BDO Binder Hamlyn), London
Davies J.A. (Charles Frieze & Co), Manchester
Davies L.W. (Ernst & Young), Cardiff
Davies M.L. (Price Waterhouse), Birmingham
Davies P.T. (KPMG Peat Marwick), Stoke-On-Trent
Davies P.W. (Price Waterhouse), Newcastle Upon Tyne
Davies P.J. (KPMG Peat Marwick), Stoke-On-Trent
Davies R.B. (KPMG Peat Marwick), Bristol
Davies R.J. (Price Waterhouse), Cardiff
Davies R.L. (Mitchell Charlesworth), Liverpool
Davies S.S.L. (Touche Ross & Co.), Bristol
Davies S.E. (Touche Ross & Co.), London
Davies S.R. (Ernst & Young), London
Davis D.F. (KPMG Peat Marwick), London
Davis E.P. (Hazlewoods), Cheltenham
Davis G.P. (Moss & Williamson), Ashton-Under-Lyne
Davison A.B. (Coopers & Lybrand Deloitte), Manchester
Dawber G. (Eacott Worrall), Wokingham
Dawson E. (Ernst & Young), Bradford
Dawson J.A.C. (Price Waterhouse), London
Dawson-L. (Ernst & Young), London
Dawson M.C. (Winn & Co), Scarborough
Daykin P.J. (Neville Russell), Bristol
De Salis J.E.F. (Price Waterhouse), London
De Wilton J. (Grant Thornton), Oxford
De Winter M.A. (MacIntyre Hudson), Bedford
Deacon J. (Citroen Wells), London
Dean I.A.B. (Spicer & Oppenheim), Uxbridge
Dearing R.A. (Touche Ross & Co.), Dartford
Debnam I.P. (Dixon Wilson), London
Debney R.K. (Arthur Andersen & Co), Leeds
Dee N.A. (Touche Ross & Co.), Dartford
Deegan C.M. (Touche Ross & Co.), London
Delahunty O. (Coopers & Lybrand Deloitte), London
Dell G.J. (Coopers & Lybrand Deloitte), London
Dellar P.G. (KPMG Peat Marwick), Chelmsford
Dennis N.J. (Richard Place & Co), Crawley
Dent D.M. (Touche Ross & Co.), Manchester
Dent J.A.S. (Coopers & Lybrand Deloitte), London
Dent K.R. (BDO Binder Hamlyn), Manchester
Derde H.M.A. (Coopers & Lybrand Deloitte), London
Derrick D.A. (Ernst & Young), Reading
Desai B. (Price Waterhouse), London
Detheridge J. (Bagshaws), London
Deverick J.N. (Grant Thornton), Bedford
Dhanda M. (KPMG Peat Marwick), Milton Keynes
Dhoot J.S. (Grant Thornton), Leicester
Di Lorenzo A. (Touche Ross & Co.), Dartford
Dick S.C. (Leach Bright), Guildford
Dickinson H.L. (KPMG Peat Marwick), London
Dickinson J. (Streets & Co), Lincoln
Digby I.S. (Berkeley Jackson), Shepton Mallet
Dighe R. (Saffery Champness), London
Dimmock P.D. (Price Waterhouse), Birmingham
Dinnie A.J. (KPMG Peat Marwick), London
Dionyssiades M.T. (KPMG Peat Marwick), London
Dittrich L. (KPMG Peat Marwick), London
Dixon A.C. (Ernst & Young), London
Dixon A.S. (MacIntyre Hudson), Richmond
Dixon J.R.P. (KPMG Peat Marwick), St. Albans
Dixon M.C. (Ernst & Young), Manchester
Dodd M.T. (Robson Rhodes), London
Dodd R.M. (Rouse & Co), Beaconsfield
Dodgson J. (Ernst & Young), Manchester
Dolby N.J. (Ernst & Young), Bradford
Donoghue S.M. (Stoy Hayward), London
Dore G.W. (Ernst & Young), Bristol
Dowling A.J. (Duncan Sheard Glass), Liverpool
Dowling M.S. (BDO Binder Hamlyn), Bristol
Doyle E. (Arthur Andersen & Co), London
Doyle P. (Ernst & Young), Reading
Drake J. (BDO Binder Hamlyn), Leeds
Drake L. (Kingston Smith), London
Drew S.D. (Hereward Philips), Watford
Drewett N.M.S. (Coopers & Lybrand Deloitte), London
Driscoll K.L. (Grant Thornton), Bedford
Dryden S.W. (Price Waterhouse), Newcastle Upon Tyne
Drysdale S.C. (Ernst & Young), London
Duberley K. (Touche Ross & Co.), Birmingham
Dudley J.M. (KPMG Peat Marwick), Stoke-On-Trent
Dudley S.J. (KPMG Peat Marwick), Leeds
Duffield A. (KPMG Peat Marwick), Milton Keynes
Duffy C.D. (BDO Binder Hamlyn), London
Duffy S.E. (Touche Ross & Co.), Manchester
Dufton C.M. (Price Waterhouse), Windsor
Duggan J. (Shipley Blackburn), London
Dugmore I.M.W. (Coopers & Lybrand Deloitte), Blackburn
Duncan A.M. (Price Waterhouse), Leeds
Duncan B.S. (J.S. Bethell & Co), Sheffield
Duncan K.P. (Finnie & Co.), London
Duncan S. (Arthur Andersen & Co), London
Dunfoy M. (Price Waterhouse), London
Dungworth E.J. (Touche Ross & Co.), London
Dunkley P. (Wilder Coe), London
Dunlop G.A. (Coopers & Lybrand Deloitte), Uxbridge
Dunn A.M. (Arthur Andersen & Co), Birmingham
Dunn M.E. (Coopers & Lybrand Deloitte), Birmingham
Dunnell S.K. (Arthur Andersen & Co), London
Dunning M.S. (Wilson Wright & Co), London
Dunthorne P.R. (Arthur Andersen & Co), Reading
Durand S.M. (Coopers & Lybrand Deloitte), London
Durose S. (Coopers & Lybrand Deloitte), Birmingham
Dutch H.R.M. (Price Waterhouse), London
Dyson P.D. (KPMG Peat Marwick), London

E

Eales L.J. (Price Waterhouse), Birmingham
Easeman A.J. (BDO Binder Hamlyn), Leeds
Eastham R.W. (Thornton, Harper & Relph), Preston
Eastick J.L.P. (Arthur Andersen & Co), London
Eastwood A.M. (Touche Ross & Co.), Manchester
Eastwood R.J.A. (Price Waterhouse), London
Eden R.P. (Touche Ross & Co.), London
Edgar J. (KPMG Peat Marwick), Milton Keynes
Edge V.A. (KPMG Peat Marwick), Stoke-On-Trent
Edgeley L.M. (Coopers & Lybrand Deloitte), Cardiff
Edgoose J.L. (KPMG Peat Marwick), Bristol
Edlin A.J. (Nunn Brown & Dales), Gerrards Cross
Edmond S.E. (Grant Thornton), Bury St.Edmunds
Edwards A.D. (Menzies), Woking
Edwards C.R.L. (Ernst & Young), Manchester
Edwards J.A. (Coopers & Lybrand Deloitte), Cambridge
Edwards R.M. (KPMG Peat Marwick), Southampton
Egglishaw D.J.J. (Jackson Fox), Jersey
Egmore S.A. (Streets & Co), Lincoln
Eldridge A.M. (Price Waterhouse), London
Ellion A.M.P. (Norrie Stokes & Perrett), Tonbridge
Elliott N.J. (Price Waterhouse), St. Albans
Elliott S.R. (Coopers & Lybrand Deloitte), Cardiff
Ellis J. (Newby Castleman), Leicester
Ellis R.D. (Price Waterhouse), Hull
Ellis R.J. (KPMG Peat Marwick), Manchester
Ellis R.G.H. (KPMG Peat Marwick), Sheffield
Ellmore S. (Baker Tilly), London
Elsby C.A. (Grant Thornton), Northampton
Emens T.M. (Coopers & Lybrand Deloitte), Birmingham
Emms P.D. (Price Waterhouse), Leeds
Endacott J.L. (Guilfoyle, Sage & Co), Newport
England J.A. (Cohen Arnold & Co), London
Englebert M. (KPMG Peat Marwick), Stoke-On-Trent
English W.F. (Rickard Keen & Co), Southend-On-Sea
Enticknap A. (Lovewell Blake), Lowestoft
Escott S.P. (Buzzacott & Co), London
Eustace M. (Moores Rowland), Reading
Eva T.J. (Touche Ross & Co.), London
Evans A.M. (Coopers & Lybrand Deloitte), Bristol
Evans F.N. (Notts), Luton
Evans G.E. (KPMG Peat Marwick), Swansea
Evans J.T. (Arthur Andersen & Co), London
Evans J.D. (Arthur Andersen & Co), Nottingham
Evans J. (Ernst & Young), Manchester
Evans J. (Touche Ross & Co.), London
Evans L. (Dyke Yaxley & Co), Shrewsbury
Evans M. (Moore Stephens), London
Evans M. (Coopers & Lybrand Deloitte), Sheffield
Evans M.D. (KPMG Peat Marwick), Middlesbrough
Evans M.D. (Coopers & Lybrand Deloitte), London
Evans P.R. (Ernst & Young), Birmingham
Evans R.C. (KPMG Peat Marwick), Cardiff
Evans R.P. (KPMG Peat Marwick), London
Evans R.E. (Coopers & Lybrand Deloitte), London
Evans S. (Coopers & Lybrand Deloitte), London
Evans S.J. (Coopers & Lybrand Deloitte), London
Evans Y.A. (BDO Binder Hamlyn), Manchester
Everett R.W. (Price Waterhouse), London
Ewart C.B. (KPMG Peat Marwick), London
Ezra M.N. (KPMG Peat Marwick), London

F

Fabre R.H. (Shipley Blackburn), London
Factor B. (KPMG Peat Marwick), London
Faggetter A.E. (Touche Ross & Co.), Crawley
Faithfull J. (Ernst & Young), London
Fan S.K. (Coopers & Lybrand Deloitte), Birmingham
Fane D.A. (MacIntyre Hudson), High Wycombe
~~Fanning A.S. (Arthur Andersen & Co), London~~
Farmer N.R. (Pannell Kerr Forster), Worcester
Farquharson K.A. (MacIntyre Hudson), Milton Keynes
Farrell U. (Price Waterhouse), Windsor
Farrow J.M. (Midgley, Snelling & Co), London
Farzad S. (Price Waterhouse), St. Albans
Fay S.A. (Hacker Young), London
Fears A.J. (Chantrey Vellacott), London
Feasey M.A.E. (John Crook & Partners), London
Feltham I.D. (Coopers & Lybrand Deloitte), Reading
Fender K.D. (Coopers & Lybrand Deloitte), Reading
Fenn N.A. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
Fenwick H.M. (Ernst & Young), London
Ferguson M.J. (Solomon Hare), Bristol
Ferrigno P.A. (Arthur Andersen & Co), London
Ferris D.J. (Saffery Champness), High Wycombe
Fidler I.M. (Price Waterhouse), London
Field S.J. (Price Waterhouse), London
Fielding D.M. (Coopers & Lybrand Deloitte), Leeds
Filer M.H. (BDO Binder Hamlyn), Croydon
Filsell M.A. (Honey, Barrett & Co), Eastbourne
Finbery S.M. (Prior & Palmer), Nottingham
Finlow A.J. (Leigh Carr), London
Finn A.M. (Ernst & Young), Leeds
Finn J. (KPMG Peat Marwick), Birmingham
Finnamore A.E. (KPMG Peat Marwick), Brighton
Finney D. (Grant Thornton), London
Firkser J. (Ernst & Young), London
Firth B.G. (Touche Ross & Co.), Cambridge
Firth M. (KPMG Peat Marwick), Huddersfield
Fish N.T. (Ernst & Young), London
Fitton A.J. (Pannell Kerr Forster), Liverpool
Fitzgerald D.G. (Coopers & Lybrand Deloitte), London
Fitzpatrick S.M. (Jolliffe Cork), Wakefield
Flach T.J. (Touche Ross & Co.), London
Flanagan M. (Ernst & Young), London
Flanigan M.B. (KPMG Peat Marwick), Cardiff
Flannagan T.M. (Freeman Rich), Preston
Fleming J.I. (Coopers & Lybrand Deloitte), London
Fletcher A.H.L. (KPMG Peat Marwick), Birmingham
Fletcher C.R. (Price Waterhouse), Leeds
Flook G. (Touche Ross & Co.), London
Floyd A.P. (Ernst & Young), Birmingham
Floyd C.T. (Arthur Andersen & Co), Birmingham
Foley C. (KPMG Peat Marwick), Liverpool
Folkes I.A. (Touche Ross & Co.), Leeds
Foo H.T. (Touche Ross & Co.), London
Foo S.S.S. (Coopers & Lybrand Deloitte), London
Forde M.A. (Chantrey Vellacott), London
Forrai F.M. (Haslers), Woodford Green
Forrest G.R.E. (Baker Tilly), Bradford
Foster A.C. (Coopers & Lybrand Deloitte), London
Foster C.G. (Stanley & Co), Birmingham
Foster D. (Casson Beckman), London
Foster I. (Ernst & Young), Luton
Foster L.C. (Neville Russell), Dudley
Fowle D.J. (Touche Ross & Co.), London
Fox C.E. (Brebner, Allen & Trapp), London
Fox D.A. (Price Waterhouse), London
Fox S. (Coopers & Lybrand Deloitte), London
Francis M.R. (Ernst & Young), London
Francis S.P.C. (KPMG Peat Marwick), Reading
Francis W.B. (Hazlewoods), Cheltenham
Franklin A.T. (Arthur Andersen & Co), London
Franklin J.M. (Coopers & Lybrand Deloitte), Birmingham
Frapwell S.L. (BDO Binder Hamlyn), London
Fraser I.D. (Arthur Andersen & Co), London
Fraser J.I. (Coopers & Lybrand Deloitte), Norwich
Fraser S.B. (Pannell Kerr Forster), Sheffield
Freedman M.E. (KPMG Peat Marwick), London
French A.D. (Coopers & Lybrand Deloitte), Liverpool
French P.J. (Casson Beckman), London
French S.F.K. (Robson Rhodes), London
Froggatt J.M. (Ashdens), Luton
Froman S.R. (Stoy Hayward), London
Frost A.D. (Robson Rhodes), Birmingham
Frost S.A. (Price Waterhouse), Windsor
Fuchs M.E. (Ernst & Young), London
Fulker T.D. (Seymour, Taylor & Co), High Wycombe
Fung C.H.K.M. (Touche Ross & Co.), Milton Keynes
Fung C.Y. (Freeda Milston Cedar Baker), London
Furlonge-Kelly W.H.S. (Price Waterhouse), London

G

Gage A. (Ernst & Young), Leicester
Gale S.J. (Clark Whitehill), Reading
Gallant C.A. (Kidsons Impey), London
Galloway P.M. (Coopers & Lybrand Deloitte), Liverpool
Gambel R.D. (Ernst & Young), London
Ganasalingam S. (Coopers & Lybrand Deloitte), Leeds
Gandy B.S. (Touche Ross & Co.), London
Gardiner H.M. (Coopers & Lybrand Deloitte), Reading
Gardner N. (Grant Thornton), Portsmouth
Garner A.R.W. (KPMG Peat Marwick), London
Garner S.J. (KPMG Peat Marwick), Brighton
Garrett H.L. (Coopers & Lybrand Deloitte), Nottingham
Garwood J.M. (Price Waterhouse), Middlesbrough
Gaskell A.M. (Rothman Pantall & Co.), London
Gaskill S. (Touche Ross & Co.), Birmingham
Gateley J.S. (Coopers & Lybrand Deloitte), London
Gates R.M.C. (Arthur Andersen & Co), Cambridge
Gelband K.S.F. (Arthur Andersen & Co), London
Gelly I.R. (Arthur Andersen & Co), London
George D.A. (Touche Ross & Co.), London
George I.A. (KPMG Peat Marwick), Birmingham
George M.A. (KPMG Peat Marwick), London
George N.S. (Touche Ross & Co.), London
Georgiades H. (Ernst & Young), London
Gerard M.W. (Ernst & Young), London
Gestetner E.H. (Price Waterhouse), London
Ghaleb A.J. (Pinkney, Keith Gibbs & Co), Uxbridge
Ghali R. (KPMG Peat Marwick), Bristol
Ghaznavi N. (Stoy Hayward), Manchester
Ghosh S. (Dixon Wilson), London
Gibbons P.J. (KPMG Peat Marwick), Basingstoke
Gibbs D.V. (BDO Binder Hamlyn), London
Gibson J. (Coopers & Lybrand Deloitte), Cambridge
Gidlow I.T. (Slater, Chapman & Cooke), London
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Giffin M.W. (Price Waterhouse), London
Gilbert K.D. (Pannell Kerr Forster), Nottingham
Gilbert L. (Larking Gowen), Norwich
Gilbert N.J. (BDO Binder Hamlyn), Leeds
Gilbert P.R. (KPMG Peat Marwick), London
Gilbert S.J. (Day, Smith & Hunter), Maidstone
Gilkes J.G. (Spicer & Oppenheim), London
Gill G.S. (Hacker Young), London
Gill K.D. (Coopers & Lybrand Deloitte), Bristol
Gill S. (Coopers & Lybrand Deloitte), London
Gill S.P. (Mercer & Hole), St. Albans
Gillett M.D. (Bright Grahame Murray), London
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Gillman T.C. (Robson Rhodes), Cambridge
Giltrow C.E. (Littlejohn Frazer), London
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Goddard S.T. (Grant Thornton), Bournemouth
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Godsal H.C. (Arthur Andersen & Co), London
Goh T.H. (Blakemores), London
Golding B.L. (Price Waterhouse), Leicester
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Gordon I.P. (Grant Thornton), Manchester
Gordon S.M. (Chadwick & Co), Manchester
Goringe S.J. (Touche Ross & Co.), Cambridge
Gorski N.H. (Ernst & Young), Leeds
Gostling R.M. (KPMG Peat Marwick), Bradford
Gould G. (KPMG Peat Marwick), Manchester
Gould P.J. (Arthur Andersen & Co), London
Gowland S.L. (BDO Binder Hamlyn), Nottingham
Grace P.J. (Potter Baker), Launceston
Gracias E.T. (Kershen, Fairfax), London
Graham F.L. (Ernst & Young), Leeds
Graham I.P. (Touche Ross & Co.), Manchester
Grahamslaw F. (Nickalls & Co.), Alnwick
Grande N.F. (Arthur Andersen & Co), London
Grant D.J. (Ernst & Young), Luton
Granville-Smith J.P. (Morgan Brown & Spofforth), London
Gray A.R. (Coopers & Lybrand Deloitte), London
Gray C.S.M. (Casson Beckman), London
Gray C.P. (Coopers & Lybrand Deloitte), Reading
Gray D.W. (Grant Thornton), Wellingborough
Gray E.A. (Coopers & Lybrand Deloitte), Bristol
Greasby G.P. (Coopers & Lybrand Deloitte), London
Greatorex A.N. (Ernst & Young), Leicester
Greaves S.J. (KPMG Peat Marwick), London
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Green A.F. (Coopers & Lybrand Deloitte), Uxbridge
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Green D.A. (Coopers & Lybrand Deloitte), Cardiff
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Green M. (Nyman Libson Paul), London
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Green R.H. (Coopers & Lybrand Deloitte), Birmingham
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Guest P.J. (Arthur Andersen & Co), London
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H

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Henderson R.B. (Stoy Hayward), London
Hendy J.A. (Stoy Hayward), London
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Hesketh-Prichard J.M. (Coopers & Lybrand Deloitte), London
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Hewitt S.M. (Fraser & Russell), Chelmsford
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Hewson T. (Coopers & Lybrand Deloitte), Gloucester
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Higgins K.M. (Touche Ross & Co.), London
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Hindle V.M.R. (Clark, Brownscombe & Co), Hove
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Hirtzel S.G.M. (Arthur Andersen & Co), London
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Ho J.Y.F. (Touche Ross & Co.), London
Ho M.L.S. (Ernst & Young), London
Ho V.K.Y. (Coopers & Lybrand Deloitte), London
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Hobson I.R. (Arthur Andersen & Co), Leeds
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Holden T.P. (KPMG Peat Marwick), Birmingham
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Holland P.J. (Judkins), Rochester
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Hollidge T.R.N. (Arthur Andersen & Co), London
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Holmes C.J. (Robson Rhodes), London
Holmes G.L. (Coopers & Lybrand Deloitte), Croydon
Holmes K.C. (Touche Ross & Co.), Cambridge
Holmes L. (Smailes, Goldie & Co), Hull
Holmes M.A. (Touche Ross & Co.), London
Holt R.A. (Coopers & Lybrand Deloitte), Reading
Holterhoff J.R. (Benjamin, Kay & Brummer), Wembley
Homan C.S. (Hacker Young), London
Hone G.A. (KPMG Peat Marwick), St. Albans
Honey M.A. (Coopers & Lybrand Deloitte), London
Hood R.M. (Clark Whitehill), London
Hooke S.J. (Ernst & Young), Norwich
Hooker L.J. (Coopers & Lybrand Deloitte), London
Hooper M. (Coopers & Lybrand Deloitte), London
Hopkin S.L. (Touche Ross & Co.), London
Hopkins A.C. (Coopers & Lybrand Deloitte), Gloucester
Hopkins P.G. (Ryecroft, Glenton & Co), Newcastle Upon Tyne
Hopps M.A. (Hart Shaw), Sheffield
Hopson M. (Touche Ross & Co.), Bracknell
Hopton M.A. (KPMG Peat Marwick), Liverpool
Horn G.M. (Arthur Andersen & Co), London
Horner R.A. (Touche Ross & Co.), Bracknell
Hornsey D.T. (Golding Bates), Ilford
Horsley G.A. (Price Waterhouse), Nottingham
Horton P.J. (KPMG Peat Marwick), Birmingham
Hoskyns-Abrahall M.E.W. (Coopers & Lybrand Deloitte), London
Houghton A.P. (Moores Rowland), London
Howard G.A. (Coopers & Lybrand Deloitte), London
Howard R.H. (Clement Keys Rabjohns), Brierley Hill
Howard S.J. (Ernst & Young), Jersey
Howard T.J. (KPMG Peat Marwick), Sheffield
Howarth D. (Price Waterhouse), Leeds
Howarth E.A. (Ernst & Young), London
Howe C. (Coopers & Lybrand Deloitte), London
Howells E.J. (Shaw & Co), Bath
Howells N. (Touche Ross & Co.), Cardiff
Howlett N.J. (Price Waterhouse), London
Howlison J.D. (Coopers & Lybrand Deloitte), Croydon
Howson L.A.J. (Coopers & Lybrand Deloitte), Liverpool
Hubbard J.E. (KPMG Peat Marwick), Leicester
Huckman C.L. (Price Waterhouse), London
Hucknall A.D. (Touche Ross & Co.), Bracknell
Hudson P.M. (Pulleyn Heselton), York
Hughes A.L. (Ernst & Young), London
Hughes C.C. (Geo. Little, Sebire & Co.), London
Hughes D.D. (Mark J. Rees & Co.), Leicester
Hughes D.E. (KPMG Peat Marwick), Cardiff
Hughes T. (Grant Thornton), Birmingham
Hulme C.M. (Ernst & Young), Manchester
Humphrey C.M. (Coopers & Lybrand Deloitte), Reading
Humphries C.C. (Price Waterhouse), London
Hunt S.M. (KPMG Peat Marwick), Reading
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Huntingford A.S. (Critchleys), Oxford
Hurley G. (BDO Binder Hamlyn), Newbury
Hurrell J.S. (Macnair Mason), London
Hurst C. (Freedman, Frankl & Taylor), Manchester
Hurst J.I. (Ernst & Young), Manchester
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Hussain S.M.K. (Dixon Wilson), London
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Hutton-Penman N.I. (Neville Russell), London
Hyland P. (Spain Brothers & Co), Tonbridge

I

Idalia P. (Midgley, Snelling & Co), London
Ikomi E. (BDO Binder Hamlyn), London
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Ip P.K.L. (Ernst & Young), Reading
Iredale S.J. (Milne Ross), London
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Irwin C.R. (Coopers & Lybrand Deloitte), London
Irwin R.J. (Arthur Andersen & Co), London
Ive S.L. (Lawford & Co), Walton-On-Thames
Iveson J.M. (KPMG Peat Marwick), London
Iyengar N.R. (Arthur Andersen & Co), London

J

Jackson A.T.P. (KPMG Peat Marwick), London
Jackson Cousin R.C. (Price Waterhouse), London
Jackson M.J. (KPMG Peat Marwick), Manchester
Jackson P. (Day, Smith & Hunter), Harrow
Jackson T.N. (Cooper-Parry, Watson, Sowter & Co), Derby
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Jaffrey S.I. (Price Waterhouse), London
Jalil I. (Coopers & Lybrand Deloitte), London
James K. (Price Waterhouse), Cardiff
James T. (Ernst & Young), Birmingham
Jarman C.S. (Stoy Hayward), London
Jarvis I.S. (Larking Gowen), Norwich
Jarvis M. (Coopers & Lybrand Deloitte), London
Jayaratnam E.W. (Coopers & Lybrand Deloitte), London
Jeal I.R. (Revell Ward), Leeds
Jeffries G.A. (Grant Thornton), Manchester
Jeffries S.L. (KPMG Peat Marwick), Manchester
Jelley M.A. (Coopers & Lybrand Deloitte), Birmingham
Jenkins A.H. (KPMG Peat Marwick), Cheltenham
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Jenkins D. (Coopers & Lybrand Deloitte), London
Jenkins P.J. (Hereward Philips), London
Jenkinson T.S. (KPMG Peat Marwick), Bristol
Jenks R.A.B. (KPMG Peat Marwick), London
Jennings R.C. (Clark Whitehill), Reading
Jervis T.H. (Pannell Kerr Forster), Guildford
Jesson J.L. (Creaseys), Tunbridge Wells
Johns K.H. (MacIntyre Hudson), Milton Keynes
Johnson D.F. (Albert Goodman), Taunton
Johnson E.H.R. (Hacker Young), London
Johnson I.B. (Coopers & Lybrand Deloitte), London
Johnson I.B. (Pannell Kerr Forster), Manchester
Johnson R.A. (Price Waterhouse), Bristol
Johnson-Ferguson P.D. (Price Waterhouse), London
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Johnston B.M. (Price Waterhouse), Nottingham
Johnston G.J. (Grant Thornton), Nottingham
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Jones A.C. (Price Waterhouse), Leeds
Jones A.C. (Touche Ross & Co.), London
Jones C. (Price Waterhouse), Newcastle Upon Tyne
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Jones C. (Kingston Smith), London
Jones D.A. (Grant Thornton), London
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Jones M.I. (Price Waterhouse), Liverpool
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Jones R.D.P. (Robson Rhodes), Manchester
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Jones S.J. (Grant Thornton), High Wycombe
Jones S.J. (Coopers & Lybrand Deloitte), London
Jones T.A. (Townsend & Co), Malton
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Joyce W.A. (KPMG Peat Marwick), Manchester
Joynson R.A.P. (Grant Thornton), Manchester
Jukes E.A. (Grant Thornton), Corby

K

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Kapoor S.P. (Pannell Kerr Forster), London
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Karmel R.A. (Stoy Hayward), London
Kateli C. (Touche Ross & Co.), London
Kaur J. (Arthur Andersen & Co), London

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Kibble-White R.D. (KPMG Peat Marwick), Birmingham
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Kythreotis N.A. (Stoy Hayward), London

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Leach D.A. (Thomas May & Co), Leicester
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Lee H.K. (Touche Ross & Co.), London
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Lee V.W.G. (Touche Ross & Co.), Birmingham
Lee V.W. (Ernst & Young), Southampton
Leech M. (Coopers & Lybrand Deloitte), Bristol
Leen D.S. (BDO Binder Hamlyn), Croydon
Leinster N.K. (Touche Ross & Co.), London
Lempriere S.J. (Arthur Andersen & Co), London
Lendon G.J. (Levy Gee), London
Leontiou H. (Price Waterhouse), London
Lesjongard A.P. (Price Waterhouse), London
Levett A.M. (Grant Thornton), Manchester
Lewey C.G.D. (BDO Binder Hamlyn), London
Lewis A.C. (Brooking, Knowles & Lawrence), Basingstoke
Lewis C.M. (Coopers & Lybrand Deloitte), Cambridge
Lewis E.H. (Arthur Andersen & Co), Bristol
Lewis R.B. (Coopers & Lybrand Deloitte), London
Lewis S. (KPMG Peat Marwick), Exeter
Li A.N. (KPMG Peat Marwick), London
Li S.P. (Coopers & Lybrand Deloitte), Manchester
Ligthelm E.A. (Francis Clark), Newton Abbot
Liley C.A. (KPMG Peat Marwick), Northampton
Lim R. (MacIntyre Hudson), London
Lindley P.A. (Price Waterhouse), Bristol
Lindup P.G. (Kidsons Impey), Hereford
Linfield M.H. (Coopers & Lybrand Deloitte), London
Linford S.J.L. (Arthur Andersen & Co), London
Ling Y.W. (Littlestone Martin Glenton), London
Linskill C.L. (BDO Binder Hamlyn), London
Littler L.C. (Grant Thornton), Liverpool
Littler P.J. (KPMG Peat Marwick), London
Liu D.W.C. (Price Waterhouse), London
Liversedge J.P.M. (KPMG Peat Marwick), Southampton
Llewellyn C. (Ernst & Young), London
Llewellyn-Jones J. (Coopers & Lybrand Deloitte), Leeds
Lloyd Q.M. (Coopers & Lybrand Deloitte), London
Lloyd R.J. (Coopers & Lybrand Deloitte), London
Lloyd S.A. (KPMG Peat Marwick), St. Albans
Lloyd S.J. (Coopers & Lybrand Deloitte), London
Lo S.T. (Hays Allan), London
Lo Seen Chong T. (Blick Rothenberg), London
Lobo S.M. (KPMG Peat Marwick), London
Lockyer S.C. (Coopers & Lybrand Deloitte), Cardiff
Lodge M.J. (Coopers & Lybrand Deloitte), London
Logue E. (Arthur Andersen & Co), London
Loizides C. (Touche Ross & Co.), Birmingham
Lomas M.J. (Pannell Kerr Forster), Derby
Long J.J. (Coopers & Lybrand Deloitte), Bristol
Long M.H. (Hacker Young), Manchester
Longfield S.J.G. (Coopers & Lybrand Deloitte), London
Loo M.L. (Price Waterhouse), Windsor
Looker I.M. (Price Waterhouse), Newcastle Upon Tyne
Looney S.M. (Touche Ross & Co.), London
Lorimer P.M. (Arthur Andersen & Co), Reading
Low M.A. (Price Waterhouse), Liverpool
Lowe J.D. (Coopers & Lybrand Deloitte), Guernsey
Lucas M. (Wilkins Kennedy), London
Luther D.J. (KPMG Peat Marwick), Guildford
Luyk D.A.B. (Simmons Cohen Fine), London
Lyall A.D. (Coopers & Lybrand Deloitte), London
Lytton R.M.L. (Wagstaffs), Stevenage

M

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McCleery A.V. (KPMG Peat Marwick), Swindon
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McIntyre M. (Ernst & Young), London
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McKee F.A. (Coopers & Lybrand Deloitte), Birmingham
McKenzie K.S. (Coopers & Lybrand Deloitte), London
McKenzie P. (Coopers & Lybrand Deloitte), London
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Macleod N.A. (Touche Ross & Co.), Manchester
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McMullan L.E. (Callingham Crane), Leatherhead
McMullen A. (Stoy Hayward), London
McNab S.J. (Ernst & Young), London
McNally A.J. (Keens Shay Keens), Luton
McNally E.J. (Price Waterhouse), Windsor
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Magner K.G. (Price Waterhouse), London
Magnus B.J. (Price Waterhouse), London
Magson A. (Coopers & Lybrand Deloitte), London
Mahalingam J. (Blakemores), London
Mailer A.G. (Pritchett & Co), Colwyn Bay
Majlath A. (Arthur Andersen & Co), London
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Malkin A.R. (Hacker Young), London
Mallett K.J. (Spicer & Oppenheim), Uxbridge
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Marshall P.H. (Grant Thornton), Bournemouth
Marshall R.A. (KPMG Peat Marwick), Guildford
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Marshall S.D. (Coopers & Lybrand Deloitte), London
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Matthewman P. (Touche Ross & Co.), London
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Maxwell B.G. (Stoy Hayward), London
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Mears C.E. (Grant Thornton), Rushden
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Medlicott S. (Coopers & Lybrand Deloitte), Birmingham
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Menezes I.G.L. (Arram Berlyn Gardner), London
Merrin L.J. (Price Waterhouse), Nottingham
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Meyer N.S. (Arthur Andersen & Co), London
Michaelides C. (KPMG Peat Marwick), London
Michel H.C. (Price Waterhouse), Liverpool
Middleton A.M. (Durrant, Pannett & Co), Horley
Miles S.E. (Touche Ross & Co.), London
Miller J.M.B. (Stoy Hayward), Manchester
Miller N.E. (Hazlewoods), Tewkesbury
Miller P.T. (BDO Binder Hamlyn), London
Miller S.J. (Ernst & Young), Cardiff
Millington G. (Price Waterhouse), Birmingham
Mills J.P. (Auerbach Hope), London
Mills P.M. (Touche Ross & Co.), Leeds
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Milner A.C. (KPMG Peat Marwick), Bristol
Milton K.B. (Ernst & Young), Newcastle Upon Tyne
Minns G.B. (G.A. Wheeler & Co), King's Lynn
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Miron N. (Gerald Edelman), London
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Mitchell M.S. (Price Waterhouse), Nottingham
Mitchell-Knight F.C. (Spicer & Oppenheim), Birmingham
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Mohammed S. (Francis Clark), Torquay
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Moody D.J. (Robson Rhodes), London
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Moore J.E. (Price Waterhouse), London
Moore J.A. (Ernst & Young), London
Moore M.R.W. (Ernst & Young), Milton Keynes
Moore P.S. (Price Waterhouse), London
Moore R. (Ernst & Young), Manchester
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Moran L.K. (Arthur Andersen & Co), London
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Moreland D.M. (KPMG Peat Marwick), London
Moreman S.A. (Price Waterhouse), London
Morey N. (Neville Russell), Brighton
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Morgan D.J. (BDO Binder Hamlyn), Cardiff
Morgan P. (Grant Thornton), High Wycombe
Morley R.J. (Alliotts), London
Morphet A.R. (Touche Ross & Co.), Bristol
Morrey D. (Ernst & Young), London
Morris A.J.G. (Coopers & Lybrand Deloitte), London
Morris H.E. (Pannell Kerr Forster), Guildford
Morris J.E. (Price Waterhouse), London
Mosca L.G. (Saffery Champness), London
Mott J.M.H. (KPMG Peat Marwick), Milton Keynes
Mottram K.S. (KPMG Peat Marwick), York
Mottram T.J. (BDO Binder Hamlyn), Leeds
Moulton A.J. (Coopers & Lybrand Deloitte), London
Mourant M.R.J. (Spicer & Oppenheim), London
Mouzouris N.M. (Saffery Champness), London
Mowle L.C. (Coopers & Lybrand Deloitte), Norwich
Moyles D. (Arthur Andersen & Co), London
Muck K.L. (Coopers & Lybrand Deloitte), London
Muir M.L. (Touche Ross & Co.), London
Muir P.R. (Arthur Andersen & Co), London
Mukherjee N. (Coopers & Lybrand Deloitte), London
Muldoon B.M. (Arthur Andersen & Co), Reading
Munday J.E. (KPMG Peat Marwick), Cambridge
Muneer Z. (Moores Rowland), Reading
Munro R.G. (BDO Binder Hamlyn), London
Murphy A.M. (Coopers & Lybrand Deloitte), Liverpool
Murphy G.M.M. (KPMG Peat Marwick), London
Murphy K.S. (Finnie & Co.), Beckenham
Murphy P.A. (Ernst & Young), London
Murray C.M. (Arthur Andersen & Co), Manchester
Murray H.V. (Fraser & Russell), Watford
Myers G.E. (KPMG Peat Marwick), Brighton
Myers J.R.M. (KPMG Peat Marwick), London
Myers N. (Price Waterhouse), Middlesbrough

N

Nanji N. (Ernst & Young), Luton
Naqvi S. (KPMG Peat Marwick), Milton Keynes
Naylor A.G. (KPMG Peat Marwick), Manchester
Naylor R. (Coopers & Lybrand Deloitte), Reading
Neale G.D. (Coopers & Lybrand Deloitte), London
Neaves L. (Armstrong Watson & Co), Carlisle
Needham C.J. (KPMG Peat Marwick), St. Albans
Nelson M.R. (Neville Russell), London
Neville J.A. (Pannell Kerr Forster), Worcester
Neville P.H. (KPMG Peat Marwick), Exeter
Newell G.E. (Price Waterhouse), London
Newman P.J. (KPMG Peat Marwick), Ipswich
Newman S.B. (Price Waterhouse), London
Newman S.J. (Coopers & Lybrand Deloitte), Maidstone
Newman T.A. (KPMG Peat Marwick), London
Newnham M.D. (Price Waterhouse), London
Newsham J.A. (KPMG Peat Marwick), Preston
Ng N.L.A. (Spicer & Oppenheim), Bolton
Ng T.C. (Bright Grahame Murray), London
Nickolls S.A. (Richard Place & Co), Crawley
Ni-Dhonaill U.B. (Arthur Andersen & Co), London
Niewiadomski R.S. (Coopers & Lybrand Deloitte), Reading
Noble K.L.M. (Ernst & Young), Birmingham
Noel M.C. (Touche Ross & Co.), Birmingham
Noik D.S. (Touche Ross & Co.), London
Noormohamed A. (Coopers & Lybrand Deloitte), Croydon
Norman P.S.L. (BDO Binder Hamlyn), London
Norman P.B.L. (Coopers & Lybrand Deloitte), London
North R.A. (Barron Rowles Bass), Egham
Northcott M.E. (Touche Ross & Co.), Bristol
Norton L. (Price Waterhouse), Hull
Norton T.L. (Stoy Hayward), London
Nunn R.B. (Arthur Andersen & Co), London
Nunn S.J. (Smith & Williamson), London
Nutt J.S. (Finnie & Co.), London
Nuttall R.H.J. (Nasmith, Coutts & Co), Manchester
Nyland M.J.C. (Coopers & Lybrand Deloitte), London

O

Oakley H.D. (Price Waterhouse), Redhill
Oakley J.P. (Coopers & Lybrand Deloitte), London
O'Brien J.J. (Price Waterhouse), London
O'Connor M. (Touche Ross & Co.), Liverpool
Odell A. (Morton Thornton), St. Albans
Oduah P.G.I. (Cohen Arnold & Co), London
Ogg A.A. (Streets & Co), Lincoln
Ogier G. (Ernst & Young), London
Oh S.A.M.M. (Waltons), Hartlepool
O'Hern J.E. (Wright Vigar & Co), Lincoln
Oldale A.R. (MacIntyre Hudson), London
Oldfield R.A. (KPMG Peat Marwick), Leeds
O'Leary P.S. (Price Waterhouse), London
Oliver G. (Everett & Son), London
Oliver J.F. (Coopers & Lybrand Deloitte), Plymouth
Oliver L.A. (Arthur Andersen & Co), London
Oliver S.J. (Grant Thornton), Brighton
Olliver D.G. (Grant Thornton), Corby
Olofsson C.E. (Coopers & Lybrand Deloitte), London
O'Riordan C.D. (Hazlewoods), Cheltenham
Orphanou A. (Littlestone Martin Glenton), London
Orr T.J. (Robson Taylor), Bath
Orwin A. (Price Waterhouse), Birmingham
Osborne S.P. (Clark Whitehill), Reading
Otway T.J. (KPMG Peat Marwick), London
Outhwaite P.C. (Grant Thornton), Liverpool
Overton G. (Stoy Hayward), London
Owen C.P. (KPMG Peat Marwick), London
Owen G.J. (BDO Binder Hamlyn), Leamington Spa
Owen H. (KPMG Peat Marwick), Stoke-On-Trent
Owen P.J.L. (Arthur Andersen & Co), Reading
Owens J.P. (Neville Russell), London

P

Packham S.M. (KPMG Peat Marwick), London
Padfield J. (Ernst & Young), Liverpool
Page S.R. (Moores Rowland), Walsall
Pain L.K.J. (Price Waterhouse), London
Pain S.C. (Stoy Hayward), London
Paine J.M. (KPMG Peat Marwick), London
Palmer A.M. (Neville Russell), London
Palmer D.T. (Arthur Andersen & Co), London
Palmer R.M. (Finnie & Co.), Chelmsford
Palmer S.M. (BDO Binder Hamlyn), London
Pancholi S. (Ernst & Young), Manchester
Pandelidis J.R. (KPMG Peat Marwick), London
Panes R.E. (Coopers & Lybrand Deloitte), Bristol
Panes T. (Grant Thornton), London
Pantzaris S. (Price Waterhouse), London
Papworth G.R. (Blease Lloyd), London
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Park F.A. (Price Waterhouse), Manchester
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Parker E.R. (Coopers & Lybrand Deloitte), Reading
Parker J.H. (Coopers & Lybrand Deloitte), Jersey
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Parlour J. (Bird Luckin), Brentwood
Parry S.N. (Ernst & Young), Reading
Partridge G. (Price Waterhouse), Cardiff
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Patel J. (Touche Ross & Co.), London
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Patel S. (Gordon, Leighton & Co), London
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Payne M.A. (Grant Thornton), Bedford
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Pearson S.L. (Price Waterhouse), Windsor
Pearson V.J. (Coopers & Lybrand Deloitte), Birmingham
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Peirce J.A. (Price Waterhouse), Manchester
Penketh A. (Ernst & Young), London
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Pennington S.L. (Touche Ross & Co.), Birmingham
Penny J.N. (Ernst & Young), Bristol
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Perry L.D. (KPMG Peat Marwick), Reading
Perry N.J. (Price Waterhouse), London
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Petherbridge S.E. (Solomon Hare), Bristol
Petrou S. (Bennett Nash, Woolf & Co), London
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Philippou A. (Gerald Edelman), London
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Phillips M.S. (Price Waterhouse), London
Phillips R.C. (KPMG Peat Marwick), London
Phillips T.M. (Stoy Hayward), London
Phillis P. (Arthur Gait & Co), Newport
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Pickles J.E. (KPMG Peat Marwick), Manchester
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Pierleoni M.A. (Stoy Hayward), London
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Pluck M.J. (Coopers & Lybrand Deloitte), London
Plucknett C.D. (Robson Rhodes), Leicester
Plumb S.E. (Ernst & Young), Swindon
Plummer K.E. (Kidsons Impey), London
Pochanis L.M. (Price Waterhouse), London
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Pollard F.K. (Ernst & Young), London
Pollett W. (Coopers & Lybrand Deloitte), London
Polyviou P. (Ernst & Young), London
Pomeroy S.E. (Coopers & Lybrand Deloitte), London
Pomroy P.L. (Coopers & Lybrand Deloitte), Norwich
Poole C.A. (Brett, Jenkins & Partners), Berkhamsted
Pooler S.F. (Price Waterhouse), Manchester
Poopalasingam M. (Arthur Andersen & Co), Manchester
Pope R.C. (Arthur Andersen & Co), London
Pope S.J.E. (Littlejohn Frazer), London
Porritt P.J. (Ernst & Young), London
Port R.M. (Maynard Ramsay), Benfleet
Portas J.L. (KPMG Peat Marwick), London
Porter A.J. (Touche Ross & Co.), Manchester
Porter H.L. (BDO Binder Hamlyn), London
Potter C.E. (Armstrong Watson & Co), Carlisle
Poulson C.L. (BDO Binder Hamlyn), Bury St.Edmunds
Pounder S. (Barber & Co), Welwyn
Povey A.J.W. (Arthur Andersen & Co), London
Prangley M.J. (Price Waterhouse), Leicester
Prasad A. (Leigh Carr), London
Pratt K.M. (Price Waterhouse), Windsor
Preece R.W.J. (Price Waterhouse), London
Pressburg M.A. (Saffery Champness), London
Preston A.J. (Touche Ross & Co.), London
Preston C.N. (BDO Binder Hamlyn), London
Price G.J. (Coopers & Lybrand Deloitte), Birmingham
Price R.A. (Arthur Andersen & Co), London
Priest C.A. (Ernst & Young), Nottingham
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Prince N.M. (Ernst & Young), Reading
Prince W.E. (Grant Thornton), Oxford
Prior R.F. (Coopers & Lybrand Deloitte), Birmingham
Pritchard J.C. (Arthur Andersen & Co), Reading
Pritchard J.C. (Milne Ross), London
Pritchett P.A. (Clark Whitehill Joscelyne), Leeds
Proctor I.D.F. (Patty Baldwin Burley), London
Prosser A.J.M. (Price Waterhouse), London
Proudfoot B.D. (Ernst & Young), Norwich
Prouten P. (KPMG Peat Marwick), Northampton
Prynn B.J. (Price Waterhouse), London
Pugh G.A. (Price Waterhouse), Cardiff
Pugh L.N. (Neville Russell), London
Pughe R.N.J. (Arthur Andersen & Co), London
Punt R.K. (Touche Ross & Co.), London
Purdie A. (Coopers & Lybrand Deloitte), London
Purgal J. (Moore Fletcher & Co), Sheffield
Purohit S.K. (Price Waterhouse), London

Q

Qadeer Q. (Saffery Champness), London
Quayle C.G. (BDO Binder Hamlyn), Stoke-On-Trent
Qureshi S.K.J. (Moore Stephens), Birmingham

R

Raby J.R.M. (Grant Thornton), Leeds
Radford J.M. (Clark Whitehill), London
Rae N.M. (M.J. Ventham & Co), Rochford
Rahimtoola Z. (Ernst & Young), London
Rahman M.R. (BDO Binder Hamlyn), London
Rai S. (KPMG Peat Marwick), Maidstone
Ramage J.M.V. (Stoy Hayward), London
Ramm D.G. (Ernst & Young), Milton Keynes
Rands E.C. (Newby Castleman), Leicester
Rann R.T.J. (Dixon Wilson), London
Ransome D.P. (Robson Taylor), Bristol
Rashid N. (Keyse Poulter), London
Rasmussen A.C. (KPMG Peat Marwick), Norwich
Rauz Q. (Coopers & Lybrand Deloitte), London
Raven P.D. (Grant Thornton), Leicester
Rawdon Smith C.A. (Hacker Young), London
Rawlins N.C. (KPMG Peat Marwick), London
Rawson N. (Knill James), Lewes
Ray N.J. (KPMG Peat Marwick), Reading
Read E.H. (Ernst & Young), London
Read J.E.J. (KPMG Peat Marwick), Guildford
Reading J. (Arthur Andersen & Co), London
Reed L.J. (KPMG Peat Marwick), Cardiff
Reed S.A. (Nevill, Hovey & Co), Launceston
Reeder A.M. (KPMG Peat Marwick), Manchester
Reeder R.W. (Citroen Wells), London
Rees A. (Donald Reid & Co), Maidenhead
Reeve C.F. (Hacker Young), London
Reeves J. (Reeves & Neylan), Dover
Reid C.C. (Neville Russell), London
Reid I.C. (Price Waterhouse), London
Reid N.T.J. (Price Waterhouse), London
Reid S.N. (Coopers & Lybrand Deloitte), London
Reid S.D. (Smith Stanier Hart), Corby
Relton P.E. (Moores Rowland), Brighton
Remington D.W.R. (Pannell Kerr Forster), Leeds
Renwick A. (Touche Ross & Co.), London
Reston J.C. (BDO Binder Hamlyn), St. Albans
Retchakan V. (KPMG Peat Marwick), London
Retter S.A. (Price Waterhouse), Birmingham
Rezmer K.W. (Ernst & Young), Reading
Rhodes A.J. (Price Waterhouse), London
Rice S.C. (KPMG Peat Marwick), London
Richard A.P. (Blakemores), London
Richards A.L. (Coopers & Lybrand Deloitte), London
Richards F.C.M. (Touche Ross & Co.), London
Richards J.R. (Clark Whitehill), Manchester
Richards S.E. (Coopers & Lybrand Deloitte), Manchester
Richardson C.S. (KPMG Peat Marwick), Preston
Richardson T.J.D. (Critchleys), Oxford
Richmond M. (Kidsons Impey), Heswall
Rickerby I. (Torgersen, Nicholson & Co), Sunderland
Ricketts D.H. (Price Waterhouse), London
Riggs A.S. (Coopers & Lybrand Deloitte), Manchester
Riley D.B. (Grant Thornton), Portsmouth
Rimmer C.J. (Touche Ross & Co.), Manchester
Rishiraj A.K. (KPMG Peat Marwick), London
Rissbrook A.E. (Grant Thornton), London
Roberts A.L. (KPMG Peat Marwick), Cardiff
Roberts D.E. (Gruber Levinson Franks), Liverpool
Roberts D.I. (The Saville Partnership), Newcastle Upon Tyne
Roberts D. (Price Waterhouse), Cardiff
Roberts D. (Pannell Kerr Forster), Liverpool
Roberts G. (Ernst & Young), London
Roberts M.J. (Coopers & Lybrand Deloitte), London
Roberts R.A. (Coopers & Lybrand Deloitte), Manchester
Roberts S.Y.M. (Coopers & Lybrand Deloitte), Leeds
Robertson B.W. (A.C.D. Miller), Wickham
Robertson L. (Blick Rothenberg), London
Robertson M.J. (Price Waterhouse), Windsor
Robins M.R. (Coopers & Lybrand Deloitte), Birmingham
Robinson A.S. (Finnie & Co.), London
Robinson E.D. (Harold Everett, Wand & Company), Southend-On-Sea
Robinson G.H. (Ernst & Young), Birmingham
Robinson H. (Thomas May & Co), Leicester
Robinson J. (Haines Watts), Basingstoke
Robinson M.E. (Grant Thornton), Worthing
Robinson T.J. (Leman, Hill & Hilton), Nottingham
Robinson-Welsh P.D. (Touche Ross & Co.), London
Robotham F.A. (Coopers & Lybrand Deloitte), London
Robson H.M. (BDO Binder Hamlyn), Leeds
Robson N. (KPMG Peat Marwick), Cardiff
Roderick S.J.C. (Griffiths Marshall), Gloucester
Roderick T.C.L. (James & Cowper), Reading
Rodgers J.C. (Touche Ross & Co.), Birmingham
Rodgers M.G. (Milne Ross), London
Rogers A.J. (Touche Ross & Co.), London
Rogers D.W. (KPMG Peat Marwick), London
Rogers J.A. (Ernst & Young), London
Rogers S.J. (Coopers & Lybrand Deloitte), London
Rollins E.J. (Coopers & Lybrand Deloitte), Portsmouth
Rookard A.L. (MacIntyre Hudson), High Wycombe
Root A.A. (Rothman Pantall & Co.), Fareham
Roper G.A. (KPMG Peat Marwick), Milton Keynes
Rose K.G. (Price Waterhouse), London
Rosen A.G. (Stoy Hayward), London
Ross S.N. (Stoy Hayward), London
Rothwell L.J. (Coopers & Lybrand Deloitte), London
Rothwell V.L. (KPMG Peat Marwick), London
Rowles S. (Coopers & Lybrand Deloitte), Gloucester
Rowson R.J.C. (Coopers & Lybrand Deloitte), London
Roychoudhuri R. (Coopers & Lybrand Deloitte), Manchester
Rudduck M.J. (Touche Ross & Co.), London
Rudge A.C. (John A. Tuffin & Co), Brighton
Rumble R.W. (Ernst & Young), Milton Keynes
Rump G.A. (Grant Thornton), Cardiff
Rusk S. (Ernst & Young), London
Russell A.F. (Coopers & Lybrand Deloitte), London
Russell M. (Davison Pollock Rees & Shingleton (DPRS)), London
Rutherford A.M. (Coopers & Lybrand Deloitte), Leicester
Rutland M.R. (Littlejohn Frazer), London
Ryan C.M. (Arthur Andersen & Co), London
Ryan J. (BDO Binder Hamlyn), Newbury
Ryder S.D. (KPMG Peat Marwick), Leeds
Rygalska C.M.L. (KPMG Peat Marwick), Ipswich

S

Sachdev S. (MacIntyre Hudson), Richmond
Sadler D.R. (Coopers & Lybrand Deloitte), London
Sage J. (KPMG Peat Marwick), London
Sahu P. (Coopers & Lybrand Deloitte), Manchester
Salleh Amran F.S. (Touche Ross & Co.), London
Salter J.D. (Arthur Andersen & Co), London
Samaratunga P.S. (Price Waterhouse), London
Sambrook A.W. (Arthur Andersen & Co), London
Samson R. (Goodman Jones), London
Samuels D.L. (Wilder Coe), London
Samuelsson S. (Neville Russell), London
Sanders J.E. (Ernst & Young), London
Sanders M.C. (Amherst & Shapland), Minehead
Sanderson A.J. (Coopers & Lybrand Deloitte), Reading
Sandiford C.L. (Touche Ross & Co.), Dartford
Sarker A.R. (BDO Binder Hamlyn), London
Satnarine G.K. (Robson Rhodes), London
Satow A.M. (Fraser & Russell), London
Savvides F. (Saffery Champness), London
Scaife A.E. (Midgley, Snelling & Co), London
Scannell M. (Westbury, Schotness & Co.), London
Scarborough P. (Price Waterhouse), Hull
Schade B. (Touche Ross & Co.), Crawley
Scheuer E.J. (Price Waterhouse), St. Albans
Schofield R. (BDO Binder Hamlyn), Leeds
Schofield S.L. (Robson Rhodes), London
Schorah G. (BDO Binder Hamlyn), Leeds
Score T.A. (Moore Stephens), Yeovil
Scott A.N. (KPMG Peat Marwick), Cardiff
Scott H.R. (Ernst & Young), Hull
Scott J.C. (Touche Ross & Co.), London
Scott M.J. (Grant Thornton), High Wycombe
Scott N. (KPMG Peat Marwick), Darlington
Scragg K.P. (Touche Ross & Co.), Liverpool
Seaborne H.R. (Buzzacott & Co), London
Seaman H.R. (Citroen Wells), London
Searles J. (Coopers & Lybrand Deloitte), London
Secker S.B. (Ernst & Young), Southampton
Seed N. (KPMG Peat Marwick), Birmingham
Seel A.L. (Touche Ross & Co.), Manchester
Selby I.R. (Coopers & Lybrand Deloitte), Birmingham
Selfridge I.M. (Coopers & Lybrand Deloitte), London
Sellers A.G. (Ernst & Young), London
Sender R. (Ernst & Young), London
Shah A.C. (Littlejohn Frazer), London
Shah A.M. (BDO Binder Hamlyn), London
Shah D.M. (KPMG Peat Marwick), London
Shah D. (KPMG Peat Marwick), London
Shah H. (Wilson Green), London
Shah S.D.L. (KPMG Peat Marwick), London
Sharif M. (Arthur Andersen & Co), Reading
Sharland S.J. (Coopers & Lybrand Deloitte), London
Sharma H.L. (Ernst & Young), London
Sharman S. (Price Waterhouse), London
Sharp C. (Coopers & Lybrand Deloitte), London
Sharp H.R. (Morgan Brown & Spofforth), London
Shaw A.J. (Coopers & Lybrand Deloitte), Bristol
Shaw L.E. (Coopers & Lybrand Deloitte), Manchester
Shea C.M. (KPMG Peat Marwick), Guildford
Shearan M.J. (Arthur Andersen & Co), Reading
Sheekey D.A. (Moore Stephens), London
Shelley S.J. (James & Cowper), Reading
Shelton M.W. (Coopers & Lybrand Deloitte), Reading
Shepherd A.N. (Price Waterhouse), Manchester
Sheridan A.P. (Coopers & Lybrand Deloitte), London
Sherwin A.P. (Touche Ross & Co.), Birmingham
Sheth D.V. (KPMG Peat Marwick), London
Shiamishis A.N. (KPMG Peat Marwick), London
Shiatis A.M. (Coopers & Lybrand Deloitte), London
Shillingford S.L. (Arthur Andersen & Co), London
Shipley S.M. (Price Waterhouse), Redhill
Shore L.C. (BDO Binder Hamlyn), Wolverhampton
Shorthouse G.J. (Coopers & Lybrand Deloitte), Birmingham
Sidat K. (Goodman Jones), London
Siddiqi S.Z. (Maurice Apple), London
Siddiqui S. (Coopers & Lybrand Deloitte), London
Silk J.D. (Ernst & Young), London
Sillar J.M. (Arthur Andersen & Co), Bristol
Silver P.E. (Haysom Silverton & Partners), Bletchley
Sim G.H.A. (Clark Whitehill), London
Simkins N.J. (Heathcote & Coleman), Birmingham
Simmonds G.V.C. (KPMG Peat Marwick), Milton Keynes
Simmonds M.O. (Coopers & Lybrand Deloitte), Bristol
Simmons M.J. (Harper Broom Roberts), Maidenhead
Simmons N.K. (Arthur Andersen & Co), London
Simmons P.J. (Harold Everett Wreford), London
Simms D.E. (Coopers & Lybrand Deloitte), London
Simons T.J. (Ernst & Young), Leeds
Simpson J.P. (Spicer & Oppenheim), London
Sin T.S. (Ferguson Maidment & Co), London
Sinclair P. (Nyman Libson Paul), London
Sinniah A. (Ernst & Young), London
Skelton J.M. (Coopers & Lybrand Deloitte), Birmingham
Skinner S. (Ernst & Young), Ipswich
Slater A.C. (Grant Thornton), Manchester
Slater I.R. (KPMG Peat Marwick), Manchester
Slater M.J. (Ernst & Young), Nottingham
Slater N. (Arthur Andersen & Co), Birmingham
Sloman S.P. (Price Waterhouse), London
Smailes L.A. (Ernst & Young), Newcastle Upon Tyne
Smailes V.E. (Coopers & Lybrand Deloitte), Leeds
Smillie I.M. (Ernst & Young), Birmingham
Smith A.J. (Saffery Champness), London
Smith A.M. (Coopers & Lybrand Deloitte), Bristol
Smith A.M. (Malvern & Co), London
Smith A.P. (Coopers & Lybrand Deloitte), Reading
Smith B.A. (Slater, Chapman & Cooke), London
Smith D.M. (Coopers & Lybrand Deloitte), Leeds
Smith D.L. (KPMG Peat Marwick), Leicester
Smith E.M. (Touche Ross & Co.), Crawley
Smith E. (Price Waterhouse), Liverpool
Smith E.C. (Touche Ross & Co.), London
Smith H.A. (Ernst & Young), London
Smith J. (Ernst & Young), Ipswich
Smith J.M. (Moores Rowland), Brighton
Smith M.A. (Larking Gowen), Norwich
Smith M.S. (Coopers & Lybrand Deloitte), Bristol
Smith N.J. (Callingham Crane), London
Smith R.G. (Pannell Kerr Forster), Norwich
Smith T.E. (Brooking, Knowles & Lawrence), Winchester
Smyth E.M. (BDO Binder Hamlyn), Manchester
Snee A. (KPMG Peat Marwick), Birmingham
Snowdon V.A. (KPMG Peat Marwick), London
Soderstrom R.B. (Coopers & Lybrand Deloitte), London
Solomon M.V. (Coopers & Lybrand Deloitte), London
Solomou N. (Price Waterhouse), London
Sophocleous P. (Arthur Andersen & Co), London
Soseilos P. (Coopers & Lybrand Deloitte), London
Soteriou H. (Bright Grahame Murray), London
Soulsby N.J. (Grant Thornton), London
Southwell J.L. (Keens Shay Keens), Luton
Sowerbutts D.L. (Price Waterhouse), Windsor
Sparshott G.N. (KPMG Peat Marwick), London
Speed J.A.B. (BDO Binder Hamlyn), London
Speed M.J. (Ernst & Young), Reading
Spencer A.D. (Ernst & Young), London
Spencer T.J. (Ernst & Young), London
Spreadbury A.D. (Arthur Andersen & Co), London
Stacey C.M.W. (Price Waterhouse), Redhill
Stacey T.R. (Coopers & Lybrand Deloitte), London
Stafford A.J. (Grant Thornton), Wellingborough
Stafford-Hill L.C. (Coopers & Lybrand Deloitte), London
Stagg T.V. (Coopers & Lybrand Deloitte), Reading
Stalley J.M. (Touche Ross & Co.), London
Stammers A.T. (Scrutton Bland), Colchester
Standring S.C. (Coopers & Lybrand Deloitte), London
Stanion D.A. (Coopers & Lybrand Deloitte), Cardiff
Stanley D.A. (Stoy Hayward), London
Stanley L.A.L. (Touche Ross & Co.), Dartford
Stanley P.M. (Kidsons Impey), Leeds
Stansfield K.E. (Reeves & Neylan), Dover
Stanyard S.R. (Price Waterhouse), Nottingham
Stanyer A.T. (KPMG Peat Marwick), London
Stapley R.J. (Hobson, Phillips & Sharpe), Nottingham
Stark G.D. (Price Waterhouse), London
Starkie D.E. (Pannell Kerr Forster), Manchester
Staves T.P. (Arthur Andersen & Co), Leeds
Stedman D.J. (Touche Ross & Co.), London
Steedman R. (Arthur Andersen & Co), London
Steele J.R. (KPMG Peat Marwick), Brighton
Stein A.K. (KPMG Peat Marwick), Bradford
Stevens D.J. (Rice & Co), Cannock
Stevens I.D. (Coopers & Lybrand Deloitte), Nottingham
Stevens J. (James & Uzzell), Swansea
Stevens J.G. (BDO Binder Hamlyn), London
Stevens Z. (Price Waterhouse), Bristol
Stevenson G.N.C.D. (Knox Cropper), London
Stevenson H.L. (Kevan Pilling & Co), Bolton
Stewart A. (Hart Shaw), Rotherham
Stewart C.M. (Winters), London
Stewart C.O. (Price Waterhouse), London
Stewart D.A. (Stoy Hayward), London
Stewart D. (KPMG Peat Marwick), London
Stewart G.M. (KPMG Peat Marwick), Leicester
Stier J.R. (Coopers & Lybrand Deloitte), Leeds
Stiles D. (KPMG Peat Marwick), London
Stiles J.S. (Touche Ross & Co.), Birmingham
Stirling R.B. (Arthur Andersen & Co), London
Stobart R.A.G. (Knill, Padgham & Grande), London
Stobbs M.H. (Arthur Andersen & Co), London
Stockton R.P. (Price Waterhouse), Windsor
Stokes A.T. (Coopers & Lybrand Deloitte), London
Stokes E.H. (Coopers & Lybrand Deloitte), London
Stone N.H. (Coopers & Lybrand Deloitte), London
Stork R.H. (BDO Binder Hamlyn), Manchester
Story G. (Coopers & Lybrand Deloitte), Cardiff
Story R.G. (Ernst & Young), London
Stoten S.A. (Price, Bailey), Dunmow
Stott C.J. (Pannell Kerr Forster), Manchester
Stower M.T. (Bingham, Conyers & Co), London
Stringer A.P. (Lakin Clark), Margate
Strong S.R. (Coopers & Lybrand Deloitte), Cardiff
Strunks C.S. (Touche Ross & Co.), Bracknell
Stuart-Smith J.M. (Arthur Andersen & Co), London
Stubbs S.H. (Coopers & Lybrand Deloitte), Manchester
Stuckey A.E. (Touche Ross & Co.), London
Subramaniyan J. (Touche Ross & Co.), London
Suen D.K.Y. (Touche Ross & Co.), London
Sugiura S. (Coopers & Lybrand Deloitte), London
Suleman M.H. (Coopers & Lybrand Deloitte), Birmingham
Summers G.R.C. (Coopers & Lybrand Deloitte), London
Sumner R.J. (BDO Binder Hamlyn), London
Suneja V. (Grant Thornton), London
Surry A.J. (Stoy Hayward), London
Surtees S.M. (Arthur Andersen & Co), London
Sutton G. (Ernst & Young), Birmingham
Swaby P.E. (Price Waterhouse), London
Swain I. (KPMG Peat Marwick), Birmingham
Swallow K.E. (Ernst & Young), Leeds
Swanson A. (Moores Rowland), Croydon
Swarbrick J.K.A. (Price Waterhouse), London
Swift C.J. (Pannell Kerr Forster), Liverpool
Swift J.R. (Price Waterhouse), Leeds
Swift R.A. (Coopers & Lybrand Deloitte), Nottingham
Symons T.M. (James & Cowper), Newbury

T

Taggart R. (Neville Russell), London
Taher E.M.S. (Maurice Apple), London
Tahir N. (Barron Rowles Bass), London
Tait C.J. (R.C. Crane & Co), London
Takodara J. (Citroen Wells), London
Talbot M.S. (Lovewell Blake), Lowestoft
Taliotis A.F. (Blick Rothenberg), London
Tampin J.S. (KPMG Peat Marwick), London
Tan B.C.K. (Bright Grahame Murray), London
Tan J.B.S. (Touche Ross & Co.), London
Tan W.K.P. (KPMG Peat Marwick), London
Tandon R. (Price Waterhouse), London
Tatton Brown H.A. (KPMG Peat Marwick), London
Tavros O. (M. Aris & Co), London
Tay K.M. (Ernst & Young), London
Taylor C. (Grant Thornton), Cardiff
Taylor G.J. (Browne Craine & Co.), Bootle
Taylor J.M. (Smith, Hodge & Baxter), Kettering
Taylor K.S. (Coopers & Lybrand Deloitte), Reading
Taylor M.J. (Coopers & Lybrand Deloitte), Birmingham
Taylor M.J. (Touche Ross & Co.), London
Taylor N.J. (Clement Keys Rabjohns), Birmingham
Taylor P.N. (Grant Thornton), Portsmouth
Taylor R.H. (Coopers & Lybrand Deloitte), Reading
Taylor R.H. (Touche Ross & Co.), Bristol
Taylor S.C. (Ernst & Young), London
Tebbs S.L. (Cooper Paul), Cheam
Tehranchian T. (Casson Beckman), London
Temple G.P. (Scott Temple Wilsher & Co), London
Tenner C. (Coopers & Lybrand Deloitte), London
Teoh P.K. (Haines Watts), Bradford
Terrell L.M. (Kidsons Impey), London
Teverson L.H. (Coopers & Lybrand Deloitte), Uxbridge
Tew B.J. (Ernst & Young), London
Thandi P.S. (Touche Ross & Co.), London
Tharmarajah N. (Coopers & Lybrand Deloitte), Liverpool
Theodosiadou I. (Price Waterhouse), London
Thomas A.W.M. (Price Waterhouse), London
Thomas D.N. (Touche Ross & Co.), London
Thomas D. (Haines Watts), Farnborough
Thomas J.H. (Coopers & Lybrand Deloitte), Swansea
Thomas K.G. (Touche Ross & Co.), London
Thomas N.E.H. (Price Waterhouse), London
Thomas R. (Pannell Kerr Forster), Sheffield
Thomas S.J. (Coopers & Lybrand Deloitte), Manchester
Thompson J. (Price Waterhouse), London
Thompson P.D. (Lander & Co), Dunstable
Thomson J.M.D. (Price Waterhouse), London
Thomson N.J.M. (Robson Rhodes), London
Thomson S.N.L. (Hilsons), Castletown
Thorne D.R. (Ernst & Young), London
Thornton G.M. (Arthur Andersen & Co), London
Threlfall C.J. (Coopers & Lybrand Deloitte), London
Tidmarsh V.M. (Longcrofts), Sutton
Tietjen C.R. (Arthur Andersen & Co), Reading
Tiller M.J. (Brooking, Knowles & Lawrence), Fareham
Tilley P.A. (Ernst & Young), London
Tindale S. (Harper Broom Roberts), Maidenhead
To J.S.L. (Touche Ross & Co.), London
Tomlinson J.E. (Landin Wilcock & Co), Sheffield
Tomlinson L.A. (KPMG Peat Marwick), Preston
Tomney B. (MacIntyre Hudson), Bedford
Toms J.C. (Arthur Andersen & Co), London
Toon N.S. (Pannell Kerr Forster), Great Yarmouth
Toone R.H. (Blakemores), London
Toplass G.A.L. (KPMG Peat Marwick), Hull
Tovey N. (KPMG Peat Marwick), Bristol
Townend N.A. (Ernst & Young), London
Towner J.E. (Bristow, Burrell), Guildford
Townley J.M. (Blakemores), London
Townsend L.A. (Muras, Baker, Jones & Co), Wolverhampton
Townsend P.J.C. (Coopers & Lybrand Deloitte), London
Townshend B. (Stoy Hayward), London
Townshend D. (KPMG Peat Marwick), London
Travis A.D. (Stoy Hayward), Birmingham
Treon A. (KPMG Peat Marwick), London
Trinder P.W. (Pannell Kerr Forster), Cardiff
Trumper I.C. (Wellers), Oxford
Trundle H.J. (Coopers & Lybrand Deloitte), Reading
Tsang C.L. (Touche Ross & Co.), Birmingham
Tsang E.K.W. (Touche Ross & Co.), Milton Keynes
Tsang M. (Price Waterhouse), London
Tsoi C.K.N. (Touche Ross & Co.), London
Tubridy A. (Pannell Kerr Forster), Luton
Tuck K.B. (Coopers & Lybrand Deloitte), Maidstone
Tucker S. (Touche Ross & Co.), London
Tuckley S.A. (Touche Ross & Co.), Leeds
Tugwell J.E. (Ernst & Young), London
Tuley S. (Horsfield and Smith), Bury
Tunstall L.J. (Touche Ross & Co.), Manchester
Turner K.E. (Price Waterhouse), Leicester
Turner A. (Robert Miller Tate), Newcastle Upon Tyne
Turner A. (KPMG Peat Marwick), Manchester
Turner C.L. (KPMG Peat Marwick), Leeds
Turner E.T. (Grant Thornton), High Wycombe
Turner H.E. (Coopers & Lybrand Deloitte), Birmingham
Turner J.P. (Price Waterhouse), London
Turner J. (Wilson Braithwaite Scholey), Leeds
Turner J.P.C. (Touche Ross & Co.), Newcastle Upon Tyne
Turner R.M.J. (Grant Thornton), Leicester
Turner S. (Coopers & Lybrand Deloitte), Birmingham
Turner W.J. (Shaw & Company), Oxford
Turtle S.R. (Touche Ross & Co.), London
Tuson P.A.E. (KPMG Peat Marwick), Reading
Twigg N.H. (Coopers & Lybrand Deloitte), Nottingham
Twigger D.M. (Neville Russell), London
Tyldesley S.J. (Coopers & Lybrand Deloitte), London
Tyler M. (Coopers & Lybrand Deloitte), Croydon
Tyler-Waddington C.M. (Hillier Hopkins), Hemel Hempstead
Tyson M.R. (Richard Place & Co), Crawley
Tzouliou T.A. (Chandler & Georges), London

U, V

Ufland E. (Robson Rhodes), London
Umpelby S.A. (Coopers & Lybrand Deloitte), London
Underwood P.D. (KPMG Peat Marwick), Birmingham
Unsworth A.M. (John Fairhurst & Co.), Wigan
Valentine D.M. (Begbies), London
Vallance J.M.A. (KPMG Peat Marwick), London
Van Der Broek A. (Baker Tilly), Guildford
Van Der Velde J.C. (Price Waterhouse), London
Vanstone C. (Bishop Fleming), Torquay
Varian D.I.A. (Arthur Andersen & Co), London
Varughese J.P. (KPMG Peat Marwick), Leeds
Vasey N. (Touche Ross & Co.), Birmingham
Vawda S.B. (Coopers & Lybrand Deloitte), London
Venchard E. (Harold Everett Wreford), London
Venkataranga S.S. (Arthur Andersen & Co), London
Verney J.M. (Touche Ross & Co.), Cambridge
Vickery C. (Coopers & Lybrand Deloitte), London
Vigar J.M. (Touche Ross & Co.), Bracknell
Vijh R. (Coopers & Lybrand Deloitte), London
Vincent A.N. (Moores Rowland), Croydon
Vincent M.A. (KPMG Peat Marwick), Birmingham
Vinter S.R. (Pannell Kerr Forster), Nottingham
Virani V.A. (Price Waterhouse), London
Vousden M.E. (Trevor Jones & Co.), Birmingham

W

Wade S.A. (Ernst & Young), Cambridge
Wadie A.H.C. (Kidsons Impey), London
Wadman R.A. (KPMG Peat Marwick), St. Austell
Wagner L.S. (Ernst & Young), London
Wainwright L.M. (Ernst & Young), London
Waite J.A. (Brooker Dew), Welwyn Garden City
Waite P.J. (J. Nicholson & Co), Lincoln
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Walker A.M. (Hugill & Co), London
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Walker A.P.J. (Daly, Hoggett & Co), London
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Walker H.L. (Price Waterhouse), Leicester
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Walker S.D. (Dodd & Co.), Penrith
Walker S.R. (Price Waterhouse), London
Walker V. (Grant Thornton), London
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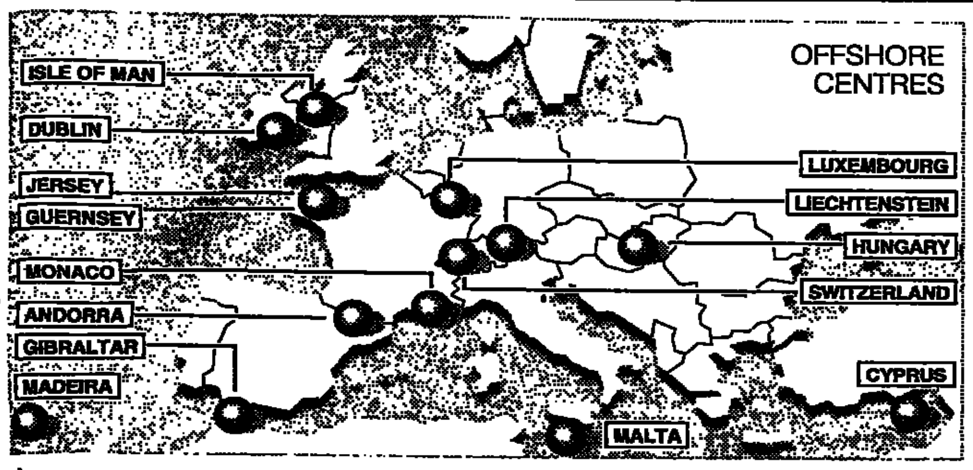
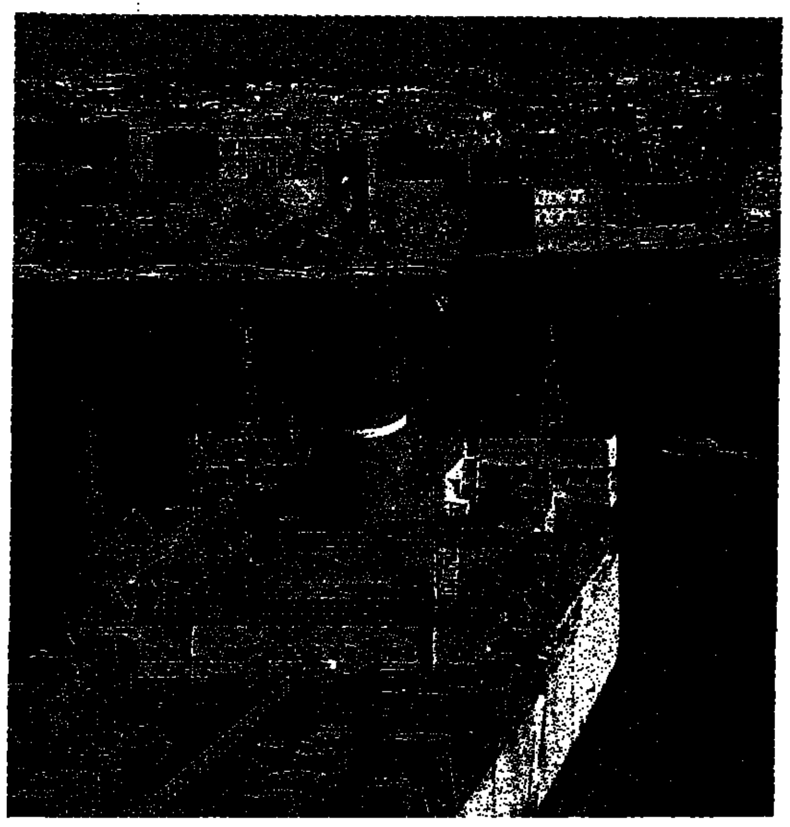
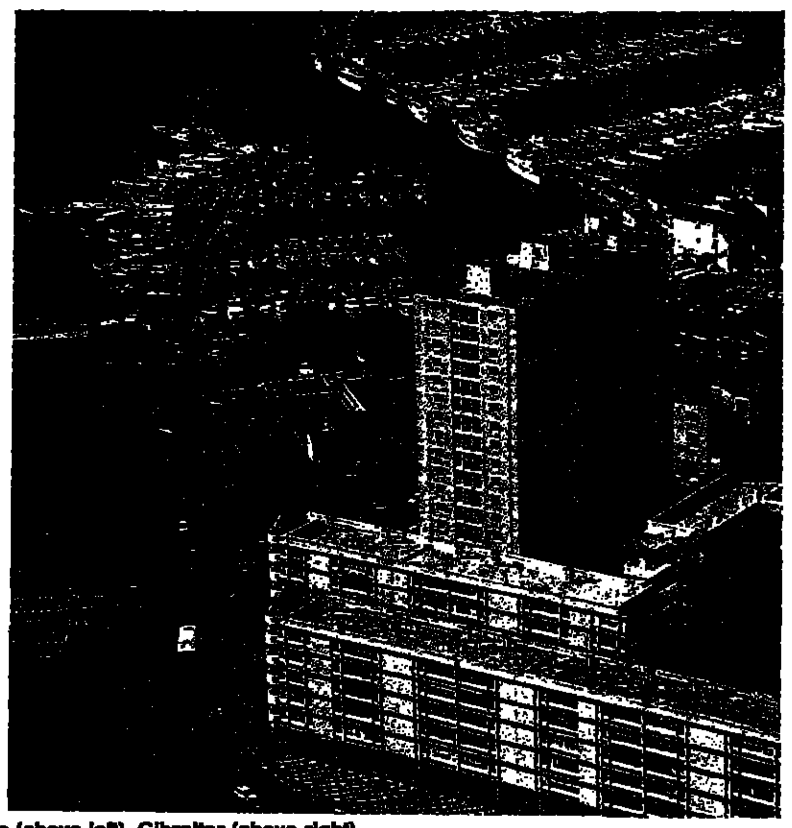
European finance and investment: **Offshore Centres**







Among Europe's leading offshore centres pictured on this page are Valletta, Malta (above left), Gibraltar (above right) . . .

Outsiders come first in financial markets

An offshore financial centre must have paradoxical characteristics. It must be respectable but accommodating. It must be European, but preferably just outside Europe. Those centres that succeed in the delicate balancing act will prosper, says **Barry Riley**

SOMETIMES IT is outsiders, rather than insiders, that can have the edge in the financial markets.

At the beginning of next year the European Community is scheduled to open its much-ballyhooed Single Market. One of the most important areas for this initiative is financial services, the subject of a large number of directives in banking, insurance, investment and so forth.

But there is a possibility that not only the financial industry within the EC will benefit from these initiatives. Dotted around the edge of the community, and to some extent also in pockets within it, are a number of so-called offshore financial centres. Many of these are hoping that they may benefit in some way from upheavals in the mainland financial sector.

One of the biggest challenges arises from the possibility that Switzerland, the most prestigious of all the "offshore" financial centres within the European time zone, is likely to move into a closer relationship with the European Community, and may even become a full member within the foreseeable future.

Will this mean that Switzerland's key private banking centres of Geneva and Zurich, along with other EC centres such as Luxembourg and London, will become buried in Community regulations and infested with tax burdens? If so, a lot of money will leave in search of more tolerant and discreet jurisdictions.

Or will the EC's regime be light and flexible? So far, for instance, Luxembourg has been able to maintain a successful role as the Community's onshore/offshore centre. It has been able to fight off the threat of a Community-wide withholding tax. It is far from clear, however, that it will be able to sustain all its advantages in the long run. Little Luxembourg has been able to argue that it needs special privileges to offset its lack of basic economic resources. But the entry of Switzerland to the EC might force the playing field to be levelled.

Small jurisdictions such as Luxembourg have the advantage of flexibility. Luxembourg has, for example, managed to grab for itself the position of focus of the EC-wide mutual funds industry which has been made possible as a result of an earlier directive on Undertakings for Collective Investment in Transferable Securities (Ucits).

Although the Grand Duchy has little in the way of tradition as an investment centre, it has set up an attractive fiscal regime for mutual funds. Bigger countries such as the UK have much greater resources and experience in the field, but their tax authorities and regulators are obsessed with domestic considerations.

Foreign buyers of British mutual funds, or unit trusts as they are called, must try to recover tax which is deducted at source from dividends. Although this may theoretically be possible, few such international investors can be bothered to grapple with Britain's tax bureaucracy. They buy tax-free funds from Luxembourg or other jurisdictions instead.

Only one other substantial mainland jurisdiction within the EC has seriously gone after international business. The Irish government has backed the Dublin International Financial Services Centre, a low tax base for international financial services companies. It has become a significant rival to Luxembourg in some areas such as mutual funds and offshore insurance companies.

Otherwise, Gibraltar and Madeira also count as integral zones of the European Community, though they are politically subordinate to the UK and Portugal respectively.

There are bigger offshore centres outside the EC, however.

The Channel Islands and the Isle of Man have a special position established under a protocol to the Treaty of Rome. For the purposes of their financial services activities they are outside the Community, although their physical goods trade is within the common tariff barrier.

At one stage they were concerned at the negative impact the Single Market might have on them, but now they are developing a positive strategy as "offshore Europe" centres. Significantly, a strong link is being built up between Switzerland and Jersey and Guernsey as the Swiss banks hedge their bets. It is no coincidence that Crossair, the Swiss airline, has recently increased its flights between Zurich and the Channel Islands to daily frequency.

If the EC centres become highly constrained by Single Market rules there could be much more scope for the external centres to attract business. The Channel Islands are easily reached from many European countries and are within the European time zone, although they have yet to develop the multilingual capability which Switzerland provides.

But could the Channel Islands nevertheless be too close for some purposes? Might they, for instance, come under pressure to disclose confidential client information to mainland tax authorities? The provocative question is raised in a far from disinterested manner by offshore bankers in places such as Bermuda and even parts of the Caribbean.

They have focused much of their attention on the western hemisphere in the past, but are now floating the idea that places such as Bermuda could be attractive centres for Europeans who would like their money to be a safe distance away from Europe.

It depends, of course, on how much the clients have to hide. Offshore centres have always played down the idea that their clients are corrupt Third World dictators who have looted their national treasuries or drug barons trying to launder dirty money. Under pressure from the US authorities, jurisdictions such as Switzerland have already been forced to abandon much of their tradition of banking secrecy.

There remains, however, the likelihood that many clients are evading taxes in their domestic jurisdictions. Belgian dentists do not, it can be assumed, normally declare their Eurobond interest income to the tax man.

The growth in expatriate employment has also created a big market for the preservation of wealth in safe, efficient centres where it is secure not only from tax demands but also from acquisitive ex-wives and feuding relatives. Offshore financial centres offer confidentiality and privacy (although whether they can always deliver it is not so clear).

There has always also been a substantial business in offering offshore services to companies, especially in the creation of complex structures which enable taxes to be avoided or deferred.

Secrecy privileges may also make it possible for the ownership of corporate entities to be cloaked in obscurity. This was a notorious feature of the Robert Maxwell empire, for example, with controlling interests held through jurisdictions such as Liechtenstein and Gibraltar.

The brass plate industry continues to maintain many offshore lawyers in comfortable employment. But it is private banking that provides the real growth element for most offshore centres at present.

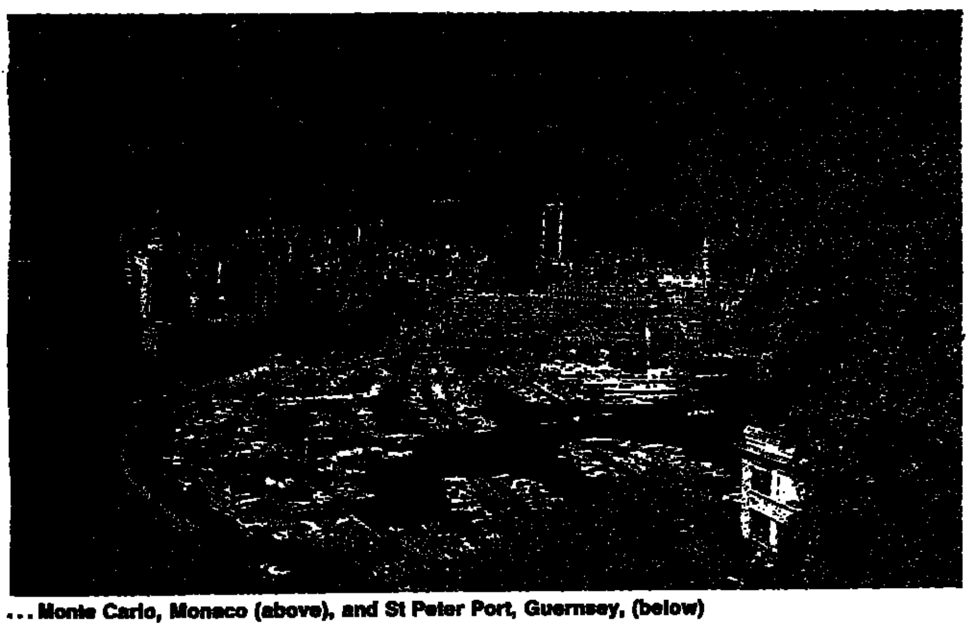
New contenders are attempting to break into this lucrative business, and they may see greater scope if existing centres are increasingly handicapped by European Community regulations. In the Mediterranean, Malta and Cyprus are seeking to expand within a market place which could take in parts of the Middle East as well as southern Europe.

There is also the possibility that offshore-type centres might be created in parts of eastern Europe. Hungary, for example, has been offering attractive financial services to international clients.

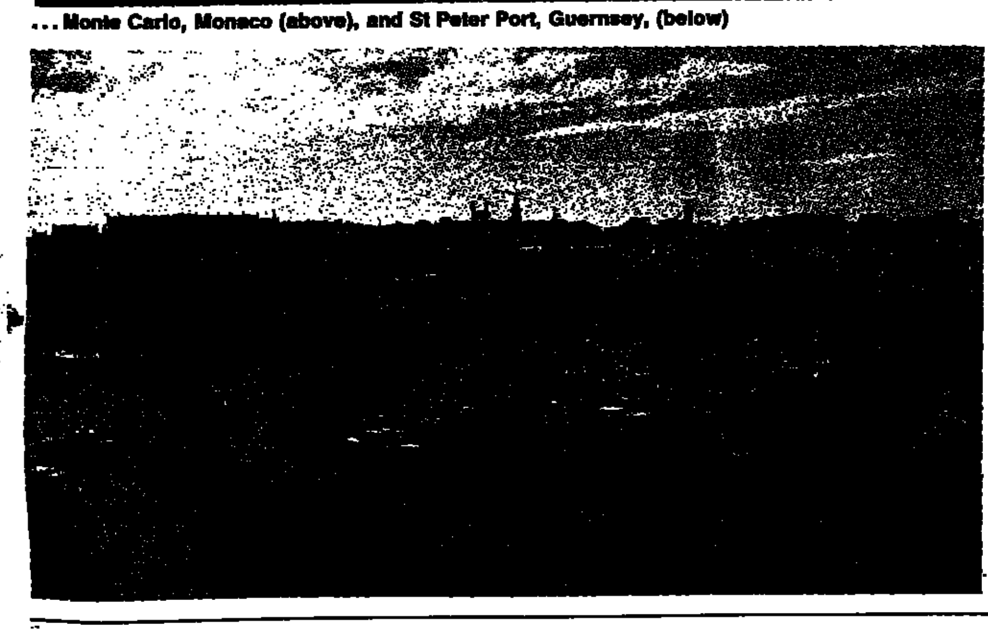
Offshore centres do not necessarily need the backing of a long tradition – the Channel Islands themselves have been serious offshore financial centres for only about 25 years – but they *do* need political and financial stability. Clients are scarcely likely to express confidence in a place threatened by revolution or invasion.

Gibraltar, for example, would have a much greater opportunity for growth if only the political row with Spain could be patched up. And even Switzerland's image has been damaged just a little bit in offshore eyes by the political and economic weaknesses which have undermined the Swiss franc and have led to the flirtation with the EC by a country which previously has always been resolutely independent.

An offshore financial centre must have paradoxical characteristics. It must be respectable but accommodating. It must be European, but preferably just outside Europe. Those centres that succeed in the delicate balancing act will prosper.



. . . Monte Carlo, Monaco (above), and St Peter Port, Guernsey, (below)



Ian Rodger compares regulations in Switzerland and Liechtenstein

Adapting to modern demands

FORGET the traditional image of Switzerland as a place where the nervous rich can hide their money from snooping taxmen or other investigators.

The country's bankers, who manage nearly SFr2,000bn in private fortunes, are in the midst of significant change to adapt themselves to the demands of a new legal environment and of a new generation of high net worth customers.

Since last year, Swiss law obliges the country's bankers to know the beneficial owner of every account they keep and to co-operate with domestic and foreign authorities in criminal inquiries.

Liechtenstein, the tiny principality wedged between Austria and Switzerland, still allows customers to hide behind lawyers or other intermediaries. But the principality has shown in a number of investigations – the most recent one being the Robert Maxwell case – that it is not willing to conceal egregious criminality.

Moreover, both the Swiss and Liechtenstein banking communities suspect that it is only a matter of time before they will have to conform with pan-European practice, even in terms of sharing information with foreign tax authorities.

When and if the two join the European Economic Area (EEA), they will have to comply with the European Community directive prohibiting money laundering, but both already try hard to steer away drug money. They have fought against mutual assistance on tax matters and appear to have won a respite, at least for the time being.

Even if Switzerland and Liechtenstein wanted to remain in splendid isolation, it is doubtful that they could. The fund management business has become global in its operations, and the leading Swiss and Liechtenstein financial institutions all have substantial assets placed in financial markets throughout the world. These are easy targets, as the US Securities and Exchange Commission has shown, for pressuring institutions to co-operate in criminal investigations.

All this does not mean that the Swiss and Liechtenstein private bankers are about to roll over and die. On the contrary, they are working hard to retain their competitiveness in an increasingly demanding environment.

Swiss banks are still undoubtedly the world market leaders in the business of managing the fortunes of the rich. Mr Hans-Dieter Vontobel of Zurich's Vontobel Bank has calculated on the basis of declared expenses that Swiss-based banks manage some SFr1,800bn in assets, of which 70 per cent are foreign owned.

This dominant position was built up through this century mainly as a result of the country's image as a haven of political and currency stability in a world frequently racked by wars. The former stiff bank

Continued on Page 2

EUROPEAN OFFSHORE CENTRES 2

The Channel Islands' sound regulatory framework is based on strict licensing

Legislators update the rules

THE CHANNEL Islands are fond of pointing out that they turned down the Bank of Credit and Commerce International's application to open an office.

It was one instance of their regulatory framework not only working, but actually improving on the regulations in mainland Britain.

They have built up a sound regulatory framework over the past decade, based on a strict licensing system. John Roper, director general of the Guernsey Financial Services Commission (FSC), sums it up: "We control the formation of all Guernsey companies. Each one has to apply through the advocate's office."

A similar system of authorisation applies in Jersey, which updated its existing legislation last October with the Banking Business (Jersey) Law 1991. This replaces the Depositors and Investors (Prevention of Fraud) Law of 1967, and has been designed along the lines of the UK's Banking Act 1987 to bring the island into line with international standards.

Guernsey, too, is introducing legislation to update its current banking law. Unlike Jersey, it is moving away from annual registration, partly because of the amount of paperwork involved. A draft is expected before the end of this year.

So far, the Channel Islands have not joined the bandwagon, taking the view that it is preferable to play host only to top-drawer international institutions in the first place.

However, Colin Powell, the Jersey government's economic adviser, comments that "if deposit protection schemes become a symbol of international regulatory probity, then the island may well need to follow suit."

Jersey is also introducing new regulations on companies coming to the island, with a comprehensive new Company Law being brought into effect at the end of March.

The legislation provides a framework for both starting up new companies and dissolving, winding up or amalgamating existing ones; it abolishes the doctrine of *ultra vires*, crystallises the responsibilities of directors, and gives parameters for investigation and inspection of companies.

Trust formation is another area potentially open to abuse by unscrupulous elements, although the Channel Islands' longstanding tough admission policy for new businesses has helped in this respect. In order to set up or administer trusts, a trust licence must be obtained from the authorities, although there is currently no system of legislation requiring subsequent monitoring by them once the business is actually in operation.

However, in Jersey, Colin Powell reports that the legislation currently in the pipeline to regulate the provision of financial services will cover trust and company administration. The aim will be for a renewable annual licence to enable a regular check to be made.

Guernsey is also considering extending statutory regulation to "fiduciaries" – a collective term that will embrace trust companies as well as a range of other institutions managing customers' assets. But it is not looking at the licensing system favoured by Jersey.

Belts are tightest as a result of the recession among the islands' fund managers. But "hard times" is a relative term: total assets under management in Jersey rose to £7.3bn in September, from a nadir of £5.3bn the previous year.

Guernsey, meanwhile, reports a 2.2 per cent increase in total asset value, bringing it up to almost £6bn in September 1991.

Both islands report a move away from retail funds, where new competitors have emerged in the shape of Dublin and Luxembourg touting their European access advantages. As Colin Powell admits: "Those inside Europe do have an advantage for retail funds."

That sentiment has been shared by some fund companies. Warburg and Fidelity took their retail funds to Luxembourg in 1990; Flemings followed suit in November 1991; Wardley moved the whole management operation over there.

But wholesale emigration has not been a widespread reaction to the challenge presented by the European market. Some companies are working on joint ventures to sell through local banks in certain countries such as Spain and Portugal. And the authorities are themselves making approaches to EC member states, including Belgium, Spain and Denmark.

A generally encouraging response from the various countries so far means that it's likely that companies will be able to gain authorisation to market retail funds direct to the public, on a fund-by-fund basis.

While it has not been an easy market worldwide – David Clifford, of Invesco MIM, says it is simply harder to get customers to invest in funds – few of the islands' investment managers are deeply pessimistic.

Jeffery Burton, managing director of Guernsey International Fund Managers, insists that "it would be wrong to give an impression of gloom and despondency."

Val Goodwin, at Rothschild Asset Management, says that "it has generally been the unit trust-driven fund managers who have had the biggest problems. We have not had the same difficulties, because our money funds have done very well and even increased in size over the past year [$1.2bn, compared with $1bn in October 1990]."

Guinness Flight, which is also particularly strong on currency expertise, has had a successful year, too. The director of the Guernsey operation, Bruce Riley, believes the key in this respect is "to invest in the markets you're keen on and in the currency that's performing well."

The company has been marketing energetically into the Middle and Far East in particular, and reckons "there is still a lot of world apart from Europe".

Mr Riley attributes much of the company's impressive growth (60 per cent from September 1990 to December 1991 in both of its umbrella funds) to its marketing drive in these areas. "All that comes to those who wait is old age," he observed bullishly. Following this philosophy, the company has also linked up with a US-based company which is selling their products to expatriates in the States.

Geographical specialisation has grown up over the years for many of the major firms – Kleinwort Benson is strong in southern and eastern Africa, for example, and Jersey-based Ashburton also has plentiful African contacts; David Hall, at Coutts in Jersey, highlights Israel as "a good source of business".

But, as Jeffery Burton points out, "many of us are broadening our areas of operation around the world."

One of the most often mentioned regions, in terms of potential, is the Far East, with an increasing number of Channel Island-base offices or representatives being established there.

One significant development for the Channel Islands in 1991, with regard to possible new markets, was the agreement reached with the Japanese authorities, to the effect that Jersey and Guernsey SIB-recognised funds can be marketed to Japanese investors in Japan.

This does not mean that the Japanese market will be cracked overnight. Retail funds especially are expected to take some time to get off the ground, given the challenge of practicalities such as the language barrier and the fact that the Japanese public are likely to be largely unfamiliar with the islands' reputation.

Faith Glasgow and Paul Ham

Paul Ham is consulting editor of Offshore Financial Review, the FT's publication for international investment advisers. Faith Glasgow is a journalist writing for Resident Abroad, the FT's monthly magazine for expatriates.

Sue Stuart investigates facilities on the Isle of Man

Plenty of space for expansion

THE Isle of Man's financial services sector continues to expand and develop. It produces more than 30 per cent of the Manx gross national product (GNP) compared to 21 per cent 10 years ago.

For companies and institutions seeking an offshore base close to the UK the Isle of Man has a significant advantage – it still has lots of space.

The island's 220 square miles contain only 70,000 people, about half of whom live in or close to Douglas. There are large tracts of land uninhabited.

The commercial property market is healthy and purpose-built offices in new developments can be rented for around £14 per square foot.

No restrictions are placed on the size of businesses and this has led some institutions and firms to locate there rather than the Channel Islands where physical expansion is very difficult. But the Manx authorities do closely examine the quality and reputation of any company wishing to set up. A work permit is needed for employees moving to the island and for their first five years residency.

The island's scenic beauty, low crime rate and good education and health services make it a pleasant place to live so businesses can attract high calibre personnel. The finance sector employs more than 4,000 people, 14 per cent of the island's available workforce.

However, the finance community feels visiting business men or women do not fare so well. Apart from the Heathrow daily route, air services to the island are generally considered infrequent and inconveniently timed. Air fares are also higher than on most UK routes.

There is no first class hotel and though service in hotels and restaurants comes with a smile, seasoned travellers find it slow and often poor.

Another plus for the Isle of Man is its standards of regulation of financial services. Though most islanders cringe at the mention of the Savings and Investment Bank crash of 1982, there is little doubt this disaster created an awareness of the need for sound regulation and supervision.

In 1983, the Financial Supervision Commission was created. Since its inception it has doggedly pursued a policy of instituting regulation that offers the best protection to the investor, while not proving too onerous for the practitioner.

The FSC's abilities were well proven by the collapse of BCCI, which had a branch in the island.

In February 1991 the Isle of Man instituted a depositor protection scheme, little realising how soon after it would be utilised. In the event of a participating bank's failure each of the other participating banks, at present 51, is liable to pay to the fund one eighth of 1 per cent of its deposit liabilities. A minimum payment of £25,000 and a maximum of £250,000 have been set for any one year.

When the Bank of England ordered the closure of BCCI branches the scheme swung into action and is expected to fund about £22m over the next three years.

While proud of its regulation and supervision, the island is far from complacent in its attitude to new business. The decline of tourism and agriculture as contributors to the GNP means financial services and manufacturing need to be strengthened to ensure economic viability for the island.

The single European market is not regarded as a threat because the Manx client base is worldwide.

There are 11 life assurance companies based in the island with products mostly tailored to meet the needs of expatriates of various nationalities. Their main markets are the Middle and Far East. But the high net worth individual and the international investor are now also targeted in a new range of products.

Captive insurance continues to grow and 112 captives are registered in the Isle of Man. Among these is Northern Shipping Insurance of Arkhangelsk in Russia, the first captive to come out of the eastern bloc.

Businesses feel the break-up of the Soviet Union will lead to more financial business coming to the west from that area.

Ship registration is also on the increase. Five years ago there were 76 ships registered in the island and eight marine administration companies. Now there are 128 ships and 23 companies.

Trust and company formation has always been the backbone of offshore tax planning and was traditionally handled by lawyers and accountants. As the volume of work increased banks and other professionals set up specialist companies to deal with it. There are now 32 trust administration companies in the island.

The Manx government led the way among offshore jurisdictions when it announced last year plans to legislate for the regulation of company formation businesses. It is a complex field involving high levels of confidentiality and it appears the most likely route taken will be to license practitioners and apply a code of conduct.

A further incentive was added for fund managers at the end of last year. From April 6, 1992 resident fund managers will have tax payable on their annual fee income reduced from 20 per cent to 5 per cent. Initially this tax break will extend until 2005.

Adapting to modern demands

Continued from Page 1

secrecy provisions enabled the world's rich to escape taxmen, families and various other plaintiffs who laid claim to part or all of their fortunes.

Today, however, the environment has changed dramatically. The Swiss franc is no longer obviously more stable than any of a dozen other currencies, and tax evasion is no longer a prime concern of the new breed of rich.

The typical new clients today are entrepreneurs whose businesses have been bought by big groups, high earning self-employed professionals or well-educated young people who have inherited fortunes from less financially sophisticated parents. "Most of them can find adequate means of sheltering themselves from tax in their own countries," says Eduardo Leemann, senior vice-president of Bank Julius Baer, one of the top Zurich banks.

Swiss bankers acknowledge that there is still a substantial clientele that seeks secrecy for any of a number of reasons, but they just have to go elsewhere. "We carry out our policy as if there was no banking secrecy at all," a Crédit Suisse spokesman says.

It is thought that hundreds of millions of dollars have fled Swiss banks for Liechtenstein in the past two years since the introduction of the law requiring a banker to know his client. Some may also have gone to Austrian banks, which still allow anyone to open an anonymous numbered account.

But Swiss bankers say most clients are won and held today mainly on the basis of fund management performance and service. Thus, they do not see themselves as competing so much against other well known offshore centres, such as the Channel Islands, Luxembourg, Gibraltar or the Isle of Man. Rather, competition is against other banks specialised in private banking, regardless of where they may be based.

They admit that their main competitive strength at the moment is service. "The Swiss are absolute market leaders in delivery of fast and error-free service," says Mr Jean Pierre Cuoni, chief executive of Coutts & Co, the Zurich-based international private banking division of Britain's National Westminster Bank.

Because of their long experience in dealing with a substantially international clientele, the Swiss banks have staff even at a very junior level who are comfortable handling transactions involving several currencies, countries and types of financial instrument.

They also provide ancillary services, such as estate planning and insurance selection, even helping sort out disputes within rich families. "We are stock brokers, portfolio managers, global custodians and private family advisers," says Jacques de Saussure, a partner in Geneva's Pictet & Co, the largest Swiss private bank.

By contrast, the typical branch of a typical German, Austrian, Spanish or French bank is simply not ready for these demands, Swiss bankers say.

The Swiss also point to what might be called the amenities they offer for the high net worth clientele. Geneva and Zurich, the two main private banking centres, both offer excellent shopping, accommodation and medical treatment facilities, and Switzerland has several delightful resorts where they can rest and enjoy themselves.

Until recently, the Swiss franc was an important part of this amenity, but it has lost some of its lustre of late. However, bankers are quick to point out that its weakness is not an important element in the real business of managing funds for top performance. "If I have 25 per cent of even a Swiss client's assets in Swiss francs, that is already too much," says Mr Leemann.

Little is known about the international competitiveness of Swiss fund management because up to now few statistics have been published, but it is generally thought that it has not been sparkling. Bank Julius Baer will make audited information on its institutional funds available this year for the first time, and others will undoubtedly be forced to follow.

Luxembourg is seeking to diversify services

Eyeing the mainstream

FOR TWO decades Luxembourg has built up its financial sector by stealing into niche markets ignored or disdained elsewhere. Now the emphasis is on consolidation of a centre offering a broad range of services, one less vulnerable to economic and regulatory developments beyond its control.

Luxembourg's financial sector

Year	Number of banks	Banks' aggregate balance sheet (LFrbn)[1]	Number of funds	Fu… gl… net ass… (LFr…
1981	115	5,081	81	16…
1982	115	5,987	87	18…
1983	114	6,592	99	30…
1984	115	7,331	137	39…
1985	118	7,628	177	63…
1986	122	8,007	261	1,00…
1987	127	8,686	405	1,13…
1988	143	9,938	525	2,13…
1989	166	11,337	651	2,96…
1990	177	12,480	805	2,91…
1991[2]	187	12,977	892	4,123

[1] US$ = LFr33.39, 2 November

Source: Luxembourg Monetary Insti…

Although Luxembourg's activities remain heavily geared toward private customer banking and investment funds, the principal engines of growth since the mid-1980s, the authorities are seeking diversity in fields such as life insurance and even financial spin-offs from the creation last year of the landlocked Grand Duchy's commercial shipping register.

In spite of occasional denigration, mostly from outside observers, the financial sector appears in healthy enough shape. After a poor year in 1990, the banking sector's profits for last year are expected to show a healthy rebound.

The sector now comprises 187 banks, some 70 of which have been established over the past five years. Alongside them have growth up around 900 investment funds, for which the Grand Duchy has now become the leading European centre.

"If you look at the most recent developments, one can only be satisfied," says Pierre Jaans, director-general of the banking sector's regulatory body, the Luxembourg Monetary Institute (IML).

Not least, he says, the 1991 results will show the fruit of cost-cutting policies by many banks, with a brake on the hiring of new employees following several years of breakneck expansion. And as a bonus, Luxembourg's overheated commercial property market has also cooled off, bringing down city centre rents by anything up to a third.

Mr Jaans believes that Luxembourg's cost structure now looks much more competitive in international terms than a year or so ago. "Once you have acquired a reputation for being expensive, it is virtually impossible to get rid of it," he says. "It is very important not to cross the threshold."

But he acknowledges that this is no time for the Grand Duchy's financial industry to rest on its laurels. With increased competition from new centres within and outside the European Community and policy change in neighbouring countries, many of the advantages Luxembourg offers, particularly to the private investor, are no longer unique.

This reflects to some extent the country's success in staving off pressure from its EC partners for changes to a structure best known abroad for banking secrecy (enforced by penalties for violators of up to two years' imprisonment) and freedom of taxation for non-resident investors.

As a result, the private banking business has drawn fire from neighbouring countries, especially France and at times Germany, because it not only attracts savings from those countries but shields them from tax authorities.

The point is a very sore one. Insistent if unconfirmed reports say Paris has in the past gone as far as to plant spies inside French-owned banks in the Grand Duchy to report on the dealings of French customers; and that German tax officials noted the numbers of German-registered cars parked near the main cluster of banks in the city centre.

In spite of efforts to deflect criticism such as persuading banks to tone down their advertising abroad, at one point in the late 1980s it looked as though Luxembourg might have to accept dilution of its secrecy rules, a paneuropean withholding tax on investment income or both.

The heat now seems to be off. The plan for an EC withholding tax died when Germany abandoned its own tax, and Mr Jaans does not believe it will be resuscitated even though the Constitutional Court in Karlsruhe has ordered the German government to reintroduce a withholding tax.

He says: "Luxembourg has been singled out for its banking secrecy and its tax-exempt status for non-residents. Now German officials are stressing that their withholding tax package includes safeguards for the integrity of banking secrecy in Germany and exempt status for non-residents. I would say we are in good company."

Since the debate was at its height in 1988, he says, other countries have largely given up trying to change Luxembourg's rules in favour of copying them. For instance, two years ago Belgium cut its own withholding tax from 25 to 10 per cent, seeking to persuade investors to keep their money at home rather than make the short journey across the border to Luxembourg.

Luxembourg bankers say there has been no real indication that the "Belgian dentist", the archetypical private investor, is removing his money from the Grand Duchy as a result. But it is a sign that other countries which disdained such business are now doing their best to attract it.

And while Luxembourg has kept enemies of banking secrecy at bay with the introduction of tough legislation against money laundering and insider trading, bankers are now wondering whether the result, ironically, has been to weaken secrecy rather than strengthen it.

A complaint that various banks had breached the secrecy rules was lodged in January by Franklin Jurado, a Colombian who is on trial in the first prosecution to be launched under the money laundering legislation. His claim that the banks approached police investigators with information about his dealings is supported by evidence given during the trial.

Observers believe that bankers, confronted with the secrecy rules and legislation making them criminally liable for "negligent" involvement in laundering, have concluded it is less risky to err on the side of disclosure.

The dilemma will be removed by new legislation being prepared by the government to implement common EC rules; this will free bankers offering information on suspected money laundering from the strictures of the secrecy requirements.

What it does leave open to question is the extent to which client confidentiality will still exist – especially once another draft law covering fiscal fraud is brought on to the statute book. The proposals, which distinguish between petty tax evasion and large-scale fraud, were published more than a year ago but enacting them does not appear to be a government priority.

Bankers and regulators alike argue that banking secrecy is likely to be eroded with time come what may, and that this will not be a disaster if Luxembourg's financial sector can compensate with an enhanced degree of competitiveness, expertise and customer service.

This has prompted the banks' drive for rationalisation and efficiency as well as a new emphasis on training. Through its affiliate, the Luxembourg Institute for Training in Banking, the Luxembourg Bankers' Association aims to develop a cadre of specialist and generalist professionals capable of competing with the best abroad.

While Mr Jaans believes that the number of investment funds registered in Luxembourg is likely to stabilise around the 1,000 mark, he sees the sector's growing expertise as a marketable asset, arguing that in the future Luxembourg banks involved in Undertakings for Collective Investment in Transferable Securities (Ucits) administration could offer services such as custodianship to funds incorporated under French, Belgian and other legislations.

And the authorities see a third pillar for the financial industry in the increasing use of life insurance in the form of savings. With full cross-border harmonisation still to come, the Luxembourg sector is still at the fledgling stage, with some 10 companies established (although buyers are sought for two of them).

All this suggests that Luxembourg may in the future move from the traditional offshore niche role closer toward the mainstream, and that competitiveness will be more than ever the watchword.

Simon Gray

The attractions of Andorra, Cyprus, Madeira, Malta, Monaco, San Marino and Trieste investigated by **Paul Ham**

In search of fiscal nomads

ISLANDS and enclaves on the periphery of Europe are falling over themselves to declare to the world their fiscal neutrality.

Madeira, Malta, Cyprus and even – on the edge of a battlefield – Trieste, have declared themselves "open for offshore business".

These tax havens, or "offshore financial centres", to use the preferred euphemism, are especially keen on attracting the wallets of the growing numbers of "high net worth" tax exiles, otherwise known as Perpetual Tourists or Fiscal Nomads.

With the exception of Trieste, which wants to use tax shelters as a way of providing cheap finance to eastern Europe, and Campione, which is more a casino, the peripheral havens are targeting their tax-incentives and fiscal holidays primarily at wealthier investors in Europe.

So far, they have succeeded mainly in luring expatriates from countries on their doorstep: hence Italian expatriate investors are especially prevalent in Malta, Portuguese and Spanish in Madeira, and Greek investors in Cyprus, for the same reasons that British expatriates comprise a large portion of accountholders in the Channel Islands.

But the smaller offshore centres resent the notion that they may be categorised merely as "pet havens" to a particular European country.

Like the Channel Islands and the Isle of Man, they want to be "all things to all tax avoiders".

They want to appeal to the American, South-East Asian as well as to the European investor. The smaller havens want to be seen as finance centres on the grand, international scale.

Revenue from offshore finance is expected greatly to increase their public coffers where the sale of Madeira wine, Cypriot olives or Maltese religious icons have failed to do so. On the eve of Europe's "Single Market", which is expected to introduce "tax sharing" arrangements between member countries, such offshore centres want to present a saleable service to Europeans burdened by onerous EC taxes: a highly confidential, tax-free environment for investment.

Madeira is trying to release itself from the hegemony of Portugal by pushing for new laws giving it greater autonomy.

Indeed, Lisbon is expected to approve in the next six months a new law granting Madeira the right to allow the subsidiaries of foreign banks, insurance companies and fund managers to set up on the island. At present, only branches of foreign companies are allowed to operate in Madeira.

The change would, according to Leonel Silva, a manager at the Madeira Development Company, greatly increase Madeira's capacity to accept and manage offshore investments.

Already, fund managers from the UK and Portugal are "queuing up" to benefit from the new rule, Mr Silva said. One is Lloyds Fund Management, which wants to launch a new Latin American fund from Madeira. Others include Crédit Lyonnais and the leading Portuguese banks, which already have branches on the island but want to launch fund management operations there.

Companies outside Madeira *are chasing the island's indigenous* wealth. Recently, Banco Internacional de Funchal (BANIF) and Midland Montagu reached a joint agreement to distribute a Luxembourg-based umbrella fund, the Midland International Circuit Fund, in Portugal and Madeira.

The new ruling will also allow captive insurance companies to set up in Madeira. The island hopes to become a fresh force in the captive market, hitherto dominated by Bermuda and Guernsey.

Madeira has four main areas of offshore activity: an offshore financial centre, primarily for corporate clients (such as banks and insurers); a free trade zone; an international financial services centre, for

The smaller offshore centres resent the notion they may be categorised merely as 'pet havens' to a particular European country. Like the Channel Islands and the Isle of Man, they want to be 'all things to all tax avoiders'

services to wealthy private investors; and an international shipping register.

In the Mediterranean, the two fiercest rivals for the offshore investors' pocket are Malta and Cyprus. These "older" fiscal paradises have a keen eye on European investors and offshore companies, particularly in the UK, Italy, Germany and Scandinavia. Malta has been known to pursue marketing strategies to attract a specific clientele; one such campaign succeeded for several weeks last year in luring two planeloads of Icelandic investors every fortnight.

Cyprus and Malta strive to outdo each other in providing an offshore environment which, in fiscal and regulatory terms, balances a *laissez-faire* attitude to business behaviour with strict confidentiality and virtual tax-freedom.

Cypriot tax incentives include: a 4.25 per cent tax on the income of offshore companies (such "companies" are more often than not receptacles for an individual's private assets); total exemption from income tax for local branches of foreign companies; no withholding tax on dividends; the taxing of foreign employees in Cyprus at half the standard rate; no capital gains tax on the sale or transfer of shares in an offshore company; no estate duty payable on the inheritance of shares in an offshore company; and no import duty on the purchase of cars, office or household equipment for foreign employees.

Ralph Shipley, a director of Wardley Cyprus, described Cyprus as "Europe's best-kept secret . . . Cyprus always promoted itself as a complete offshore centre and not as a tax haven."

The Cyprus parliament is due to introduce two bills this year, the International Trust Bill, which updates existing legislation on trusts arranged by non-resident investors in Cyprus; and a Financial Ser*vices Bill, which will give* Cyprus the authority to license and supervise financial services companies.

The trust legislation has been described by the Central Bank of Cyprus as a copy of UK Trustee Law, where incentives depend on the beneficiary's country of domicile.

The Financial Services Bill will seek to maintain ethical standards of business practice and outlaw fraudulent operators. The Cypriots are at pains to emphasise the high standards they are applying. Independent financial advisers have not been admitted since 1987 without a "Letter of Comfort" from an outside guarantor, prepared to underwrite the firm's operations to protect investors.

After 15 years of wooing foreign investors, Cyprus has attracted 20 offshore banking units entitled to tax breaks and customer benefits.

Banks, too, are subject to careful vetting; they must be branches or subsidiaries of "reputable" firms already in existence in another jurisdiction, as must any financial company wanting to set up.

Malta, meanwhile, is moving quickly to lure foreign investors away from the traditional expatriate financial centres.

After the return to power of Prime Minister Eddie Fenech Adami's government at the general elections on February 22, the island is resuming the task of forging the biggest offshore financial services centre in the southern Mediterranean.

This will involve consolidating its offshore company law and introducing a new law authorising the practice of investment business on the island.

The latter means allowing Ucits (undertakings for collective investments in transferable securities – European mutual funds, in short) to be set up in Malta.

According to a recently published book, Maltese offshore companies (most of which are individual holding companies) pay no tax if they are "non-trading"; pay 5 per cent tax if they are "trading"; pay no death duties on the inheritance of shares; pay no tax on loan interest or dividends; and pay reduced income taxes on earnings of non-Maltese employees in Malta.

Malta has regulations: the Offshore Trust Act and the International Business Activities Act, both of 1988, laid down the basic ground rules of the offshore centre. They did this by exempting offshore entities from most of the Common Law domestic tax regime.

Malta also has a regulator: the semi-autonomous Malta International Business Author*ity (MIBA) seeks to ensure the* smooth running of the offshore centre. It has moral qualms: again and again Malta's politicians have insisted that keeping the Catholic island clean and respectable is a primary consideration.

Edwin Vella, a Maltese tax expert working for the local branch of Price Waterhouse, said that MIBA in conjunction with the financial services sector had the obligation of investigating businesses: "We must know who they are and why they're setting up here; we have to make sure they're not involved in drugs and the mafia," he said.

What Malta greatly wants is more banks. It has only four local operations: the Mid-Med, the Lombard, the Bank of Valetta and the Investment Finance Bank.

For some years now Malta has been advertising itself to the international banking community. A recent "Executive Summary," produced by MIBA, promotes Malta with the unquestionable simplicity necessary to appeal to top international bankers: "Wanted! Banking Institutions".

More than half of Malta's investors are from Italy; the rest are sprinkled around the world, from the US, Asia, west and east Europe, Scandinavia and Australia.

"In common they have a desire to keep their affairs secret," said Mr Vella, adding cheerfully that a common reason they may put their money into Malta was "to avoid tax in their home country – that's the reason for the 700-800 holding companies". Many of these companies hold royalty payments tax-free for companies with industrial patents, wealthy artists, writers and sports stars.

Unlike Malta, Cyprus and Madeira, enclaves such as Andorra, Campione and San Marino are not trying to promote themselves as fully-fledged offshore financial centres. They offer "niche" services, such as property and residence – or exist purely for leisure sports and gambling.

Monaco is in a slightly different league, offering banking and investment services to a wealthier clientele of tax exiles; the Monagasque financial centre is less dependent on fiscal nomads and expatriates than on the international untaxed ranks of the supremely rich.

* *The Use of Offshore Jurisdictions by Nigel Harris & Partners (Longman).*

Company services offered by selected European offshore centres					
	Ireland (Non-resident[1])	Guernsey (Exempt[2])	Isle of Man (Exempt[2])	Jersey (Exempt[2])	Gibraltar (Exempt[2])
Ready-made cos available	Yes	No	Yes	No	No
Formation period	7-10 days	5 days	5 days	7 days	7 days (excl exempt certificate)
Disclosure of beneficial owner	No	Yes	No	Yes	Yes
Minimum officers	2 directors & secretary	1 director & secretary	2 directors (one resident) & approved secretary	1 director & secretary	1 director & 1 resident secretary
Public disclosure of officers	Yes	Director	Yes	No	Directors only
Corporate directors permitted	No	Yes	No	No	Yes
Corporate secretary permitted	Yes	Yes	No	Yes	Yes
Minimum shareholders	2	2	2	3	2
Public disclosure of registered shareholders	Yes	Yes	Yes	Yes	Yes
Bearer shares possible	Not recommended	No	Yes	No	Not practical
Locally managed exempt companies available	No	Yes	Yes	Yes	Yes
Annual return	£5	£100	£35	£100	£20
Annual government tax	–	£500	£250	£500	£225
Total annual statutory fees	£5	£600	£285	£600	£245
Double taxation agreements	Numerous, but benefits not available to non-resident cos	UK & Jersey	UK only	UK & Guernsey only	None
Accounts to be audited/filed	Yes/yes	Yes/no	Yes/no	No/no	Yes/no
Cost of standard company	£550	£750	£485	£600	£450
Typical annual running costs[3]					
Annual return & tax	£5	£600	£275	£600	£245
Secretary & reg office	£350	£350	£375	£375	£275
Director(s)x2	£500	£500	£500	£500	£400
Nominee shareholdersx2	£130	£150	£130	£195(x 3)	£130
Total	£985	£1,600	1,280	£1,670	£1,050

1 Companies owned, managed and doing business abroad *and* not liable to tax. 2 Companies exempt from local taxation, but liable to annual flat rate fee 3 Excludes accounting and audit fees

Source: International Division, Jordan & Sons Ltd

Gibraltar has been revamping its facilities, writes **Tom Burns**

Singular breakthrough

GIBRALTAR is looking more like a successful offshore finance centre than ever before. It has a considerable amount of new office space and markedly improved telecommunications. More important, it was recently the base for the largest placement of preference shares on the US market by a non-US bank.

For the past four years the British Crown Colony on the tip of southern Spain has been revamping its facilities and promoting itself as a tax efficient base serving EC banks and corporations. Gibraltar has equipped itself with digital fibre optics and a high quality development has sprung up on reclaimed land.

Just as the new offices are being completed so the mega-deals appear to have finally arrived on the Rock.

The US issue launched from Gibraltar last November, which was fully underwritten and subscribed, raised $345m, and the capital, in the form of non-voting shares, ranked as locked-in, high-grade capital, or Tier one under the Basle Accord. The key feature of the deal was that capital duty exposure was substantially eliminated by using Gibraltar as its base.

It was a singular breakthrough and there is evidence that similar significant business will go to Gibraltar instead of, for example, to Luxembourg. The deal woke up financial directors to the capital-raising possibilities afforded by the colony.

However, while there is an unquestioned silver lining to Gibraltar's horizon it is no less evident that the black clouds of the political dispute which envelops the Rock remain in place.

Spain is pressing for territorial sovereignty over the colony and the overwhelming re-election of the uncompromising Gibraltarian nationalist Mr Joe Bossano in January as the Rock's chief minister has brought the dispute more sharply into focus.

Mr Bossano rejects any cession of sovereignty to Spain and the Spanish parliament has responded by unanimously carrying a motion which significantly strengthens the Madrid government's hand in its equally uncompromising approach to the dispute.

The acrimonious stalemate colouring Gibraltar's future political status makes it all the more remarkable that the bank which so successfully used the Rock to raise capital on the US market should have been none other than the Banco Bilbao Vizcaya, BBV, Spain's largest retail bank. BBV owns a subsidiary on the Rock which holds a B licence and is thus authorised by the Banking Commission of Gibraltar to conduct offshore business.

BBV had first examined the possibility of launching its issue from Luxembourg. It opted for Gibraltar, according to well-placed local legal sources, because the system of non-voting shares is better understood on the Rock. Shareholders can be disenfranchised under Gibraltar's UK-based Common Law jurisdiction whereas in general all shares issued in a continental Civil Law code environment, such as Luxembourg's, must carry voting rights.

Gibraltar's Common Law gives the Rock's substantial population of specialised lawyers and accountants an obvious edge for certain types of business. The colony's other obvious attraction is its cost efficiency. This is true for share issues because under Gibraltar's legislation capital duty is not paid on the premium, and it is true, also, for bond issues where duty is capped at £5,000.

BBV's initiative nevertheless runs counter to a prevailing official view in Madrid that seeks to pressure Gibraltar, and the UK, by isolating it as much as possible. There is no enthusiasm whatsoever in Madrid for the consolidation of Gibraltar as an offshore centre independent from Spain.

Spain's pressure tactics are resisted by the UK which stands by its commitment to the 20,000-odd Gibraltarians that there can be no change in the Rock's sovereignty unless it is sanctioned by them.

Tim Coone looks at Ireland

New hub for financial services emerges

IN JUST three years, Dublin's International Financial Services Centre (IFSC) has emerged from a derelict docklands site to be a new European hub for the management of the financial assets of some of the biggest corporations in the world.

Since the first, new office block on the 27-acre site opened in 1990, familiar names associated with diverse manufacturing activities, such as IBM, Alcan, Volkswagen, Volvo, Grand Metropolitan and Outokumpu, have all chosen Dublin as a location from which to manage their worldwide corporate treasury operations.

Others, such as Asea Brown Boverie, BMW, Ericsson and Coca-Cola, have chosen the IFSC as the hub from which to manage their world-wide insurance needs. Large corporations such as these, with manufacturing assets and properties scattered in scores of locations around the world, set up their own insurance companies through which their subsidiaries then place their property insurance.

Captive insurance, as it is known, "has developed well and quite unexpectedly", according to Mr Brendan Logue, the manager of the financial services programme at Ireland's Industrial Development Authority (IDA), which is responsible for the overseas marketing of the IFSC. On the back of this business, re-insurance operations have also grown rapidly.

Far from being a glass and chrome shell, housing dubious "brass-plate" operations often associated with offshore centres, the IFSC now has 140 financial services companies, giving direct employment to 986 people.

One hundred and ninety five projects have been approved, which have made commitments to employ eventually almost 3,000 people.

Originally the brainchild of Mr Dermot Desmond, a controversial but forward-looking Irish businessman, the IFSC was conceived as a means of transforming the derelict docklands area of Dublin into a new European financial centre, which would complement the growth in new manufacturing industries that have sprung up across Ireland under the stimulus of the IDA.

Ireland offers many advantages compared with rival centres such as Luxembourg and the Channel Islands, through lower wage and housing costs, a skilled and abundant labour force and good communications with other European business centres.

The IFSC is just a 10-minute walk from Dublin's city centre and a 20 minutes' drive from the airport. The development site has plenty of room for expansion and is planned to have complementary developments of a 300-bedroom hotel, a marina, shopping and restaurant facilities and residential properties.

If a planned development of a Light Rail Transport (LRT) system gets EC approval and funding this year, much of Dublin's traffic congestion problems can also be overcome, which is one of the city's few drawbacks for developers of services-related industries.

One of the key attractions without doubt, though, is a favourable 10 per cent corporate tax rate for companies that set themselves up in the IFSC, similar to the rate for manufacturing companies that establish in Ireland.

In 1990, the European Commission approved a five-year extension to 2005 for the application of this rate to the IFSC, acceding to Ireland's argument that its peripheral location within the EC and high unemployment rate justified preferential treatment. Other incentives include 100 per cent first-year capital allowances for development expenditure by owner-occupiers, 100 per cent first-year capital allowances on plant and equipment expenditure, 200 per cent tax deductable rent allowances for tenanted properties and rates exemptions.

A measure of the IFSC's growth is given by the Revenue Commissioners' latest figures on corporation tax payments by companies established in the centre.

In 1988, its first year of operation, the IFSC generated I£3.7m in revenue. By 1990, this had grown to I£48.2m. Figures for 1991 are expected to be close to I£70m. This would imply profits of some I£700m generated by the 140 firms so far established. Business turnover would thus be maybe 10 times greater.

The loss of tax revenues by other EC states has led to the first big row over the IFSC's privileged status within the EC. The German government, finding itself pressured by the mounting costs of the country's reunification, is amending its tax legislation, making corporate profits subject to the same 56 per cent tax rate regardless of source.

One of the IFSC's attractions has been the possibility for cash-rich firms to place their surplus cash in investment funds which are then managed in Dublin by specialist companies. Profits are taxed at the 10 per cent rate and can be repatriated without further tax liabilities due to Ireland's double taxation treaties with its EC partners.

Many leading foreign banks, such as Dresdner Bank, Citibank, Chase Manhattan and Deutsche Bank, have established fund management operations in Dublin.

The head of one such company said the change in legislation could put an end to the management of German corporate investment funds through Dublin. "The big risk for the IFSC is that other countries may follow the German example," he said.

Others are not so pessimistic, however. Under the proposed tax changes in Germany, only if the overseas tax rate is less than half that of Germany's will the difference have to be paid to the German tax authorities.

Fund managers have the possibility of organising their business managed through Dublin to generate an overall tax liability of around 30 per cent of profits, thereby avoiding the full 56 per cent rate in Germany and still making Dublin attractive.

Failing that, one institutional fund manager pointed out that companies could challenge the new tax legislation through the German and European courts, as it would violate the double taxation treaty between Germany and Ireland and undermines the spirit of the EC legislation which gives the IFSC its privileged status.

In the debate over the tax changes, one of the problems has been to agree a definition of what constitutes "active" as opposed to "passive" management of funds in offshore centres. Mr Logue, of the IDA, said: "We have different interpretations. For the Germans, corporate fund management must be part of the overall business. They object to the splitting-off of fund management activity. Our certification concept is based on movement and business activity but does not qualify as far as the German legislation is concerned."

He said that the proposed changes should not have a big impact on Dublin, though. "It is only the corporate fund management business that is most vulnerable and the additional taxes will be applicable to whatever location the funds are managed through, putting Dublin at no special disadvantage."

He said that Dublin's other large areas of business, mainly corporate treasury management and insurance activities, will not be affected by the new legislation. "The worst situation would just be a continuation of the uncertainty," he said.

Mr Bernard Hanratty, vice-president of Citibank in Dublin, said that in the past six months since the German tax debate began "there has been no increase in institutional investment management business from the German companies."

Nonetheless, like Mr Logue, he believes that the IFSC's long-term future lies with treasury management, mutual funds and insurance. Dublin's tax advantages disappear in 13 years' time but he said that this is sufficient time for institutions to recover their establishment costs of re-locating in Dublin.

With 550,000 square feet of office space completed at the IFSC, the government, through its Customs House Docks Authority, is now negotiating the centre's second stage of development, which includes a museum, an hotel, retail facilities, housing and further office buildings. Prospective companies wishing to take advantage of the centre's tax breaks have until the end of 1994 to obtain certification.

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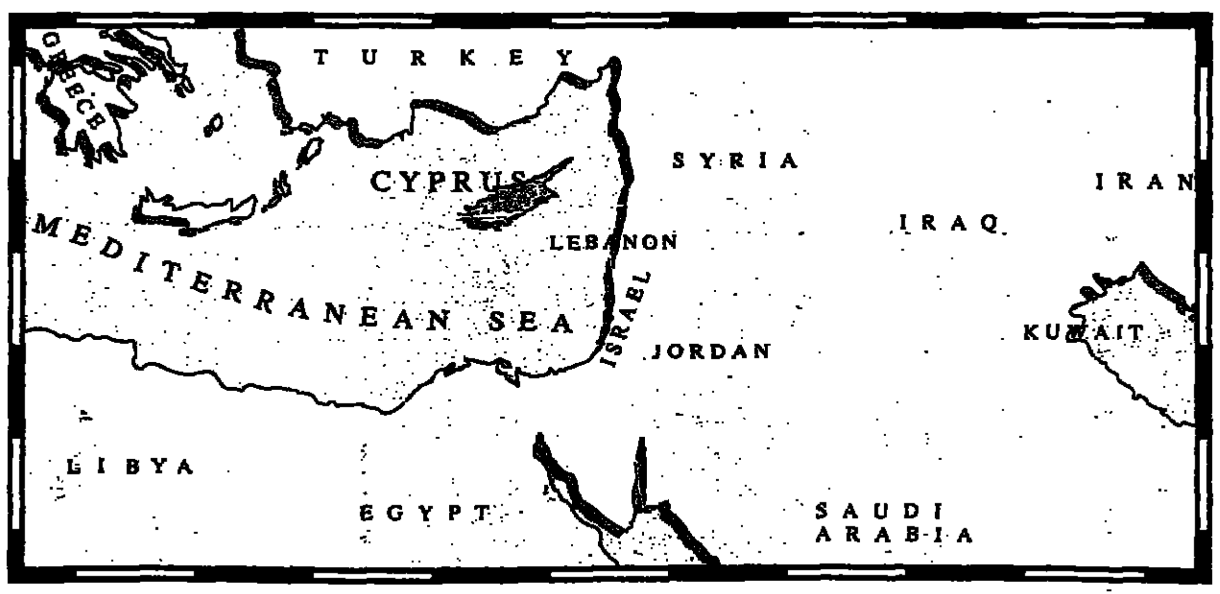

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